

2006-2007 Campaign Finance Manual

**A guide for ensuring compliance.
*Issued by the Campaign Finance Office
of the NC State Board of Elections***

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Definitions

The following list defines many of the terms used in the Campaign Reporting Act. Refer to the definitions of these terms when cited in the information that will follow. These definitions will remain constant unless it is indicated in the specific information presented. Keep in mind, these are summaries. If you wish to read the exact definition as it appears in the statutes, refer to the Campaign Reporting Act in the Appendix of this publication. Some of the terms included are not specifically defined in the Act, but are useful in understanding the language that follows.

Advertisement	Any message appearing in the print media, on television, or on the Radio that constitutes a contribution or expenditure under Article 22A.
Aggregated Non-Media Expenditures	Expenditures made that are considered operating expenses, that individually are under \$50, and are not for media expense may be reported in an aggregated amount. The treasurer shall account for and report expenditures of \$50 or less each, the amounts, dates, and the purposes for which individual expenditures were made. The term “aggregated non-media expenditures” would be written in on the “Full name, mailing address, & phone” line of the appropriate disclosure page. Refer to the instructions for each form for further information on proper disclosure for these entries.
Board	Refers to the State Board of Elections with respect to candidates and other Political committees for State and Multi-county district offices, and also statewide referenda. If the reference is to candidates and other political committees for single-county district, county, and municipal offices, the term refers to the county or municipal board of elections. The term would, in addition, refer to county or municipal board of elections with respect to local referenda.
Broadcasting Station	Refers to any commercial radio or television station or community antenna radio or television station.
Business Entity	Refers to any partnership, joint venture, joint-stock company, company, firm, or any commercial

	or industrial establishment or enterprise.
Candidate	Refers to any individual who has filed a notice of candidacy for public office or a petition requesting to be a candidate. It also refers to an individual who has been certified as a nominee of a political party for a vacancy or has qualified by an authorized means as a Candidate. In addition, an individual is considered a Candidate for the purposes of this Article even if they have not met any of the above criteria, but have received funds, made payments, or consented for anyone else to receive funds or transfer anything of value for the purpose of exploring or bringing about that individual's nomination or election to office. Transferring anything of value includes incurring an obligation to transfer anything of value. An individual remains to have "Candidate" status for the purposes of this Article if they continue to receive contributions to repay loans or cover a deficit or is making expenditures to satisfy obligations from an election already held. A candidate may be partisan or nonpartisan.
Candidate Campaign Committee	Any political committee organized by or under the direction of a candidate.
Communications media or Media	Refers to broadcasting stations, carrier current stations, newspapers, magazines, periodicals, outdoor advertising facilities, billboards, newspaper inserts, radio ads, TV ads, sound-truck advertising, airplane streamers, portable signs, pamphlets, fliers, mass mailings (over 500 pieces), cards, or any person or individual whose business is polling public opinion, analyzing or predicting voter behavior or voter preferences.
Contribute or Contribution	Refers to any advance, conveyance, deposit, distribution, transfer of funds, loan, payment, gift, pledge, or subscription or money or anything of value whatsoever to a candidate, political committee, political party committee, or referendum committee. This also refers to any contract, agreement, promise or other obligation, whether or not legally enforceable, to make a contribution. The term "contribution" does not include an "independent expenditure".
Corporation	Refers to any corporation doing business under either domestic or foreign charter. This would

	include any corporate subsidiary and any business entity in which a corporation participates or is a stockholder, a partner, or member of a joint venture.
Day	Refers to a calendar day.
Election Cycle	It is the period between January 1 after an election for a particular office until December 31 after the election for the next term of the same office. For example, the election cycle for a candidate, running for Governor in 2004, would be from January 1, 2001 until December 31, 2004. When referring to several offices, the term means the period from January 1 of an odd-numbered year through December 31 of the next even-numbered year.
Election	Unless otherwise indicated, an election refers to any general or special election, a first or second primary, a run-off election, or an election to fill a vacancy. This does not refer to any local or statewide referendum.
Expend or Expenditure	Any purchase, conveyance, deposit, distribution, transfer of funds, loan, payment, gift, pledge or subscription of money or anything of value whatsoever, any contract, agreement or promise of an obligation to make an expenditure to support or oppose the nomination, election, or passage of a ballot measure.
Express Advocacy	That language which supports or opposes clearly identified candidates and is subject to disclosure requirements.
Independent Expenditure	An expenditure that is made to support or oppose one or more clearly identified candidates without consultation or coordination with a candidate or agent of a candidate that the expenditure supports.
Individual	Means a single individual or more than one individual.
In-Kind Contribution	A contribution to a committee that is not monetary in nature. It must be reported on required disclosure reports. The contribution may be a good or service. For example, an individual or other committee may contribute “cups and napkins” to a committee for an event. The “fair market value” of the cups and napkins would be the amount of the contribution and would add toward the maximum

	contribution limitation.
Issue Advocacy	That language which does not support or oppose clearly identified candidates, but has the sole purpose to provide education on issues. Issue Advocacy is not subject to disclosure requirements or regulations.
Legend	The disclosure information that must appear on all advertisements that constitutes a contribution or expenditure.
Non-monetary gift	If a committee contributes a “service or good” that the receiving committee would consider an “in-kind” contribution, the contributing committee should designate that expenditure as a “non-monetary gift.” The value of the “gift” will not be calculated in expenditures. It will be disclosed on a separate form (CRO-1330).
Political Committee	<p>A combination of two or more individuals that accepts anything of value to make contributions or expenditures and has one or more of the following characteristics:</p> <p>Controlled by a candidate;</p> <p>Is a political party or executive committee of a political party or is controlled by a political party;</p> <p>Created by a corporation, business entity, insurance company, labor union, or professional association;</p> <p>Has a major purpose to support or oppose the nomination or election of one or more clearly identified candidates; supporting or opposing the election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified party.</p> <p>**An entity is presumed to have a major purpose if it contributes or expends or both contributes and expends more than \$3000 during an election cycle. The presumption may be rebutted if the entity can show that the contributions and expenditures giving rise to the presumption were not a major part of the activities of the organization during the election cycle.</p> <p>Contributions to referendum committees are not considered when making the determination if an entity meets the presumption of a political committee.</p>
Political Party	Any political party organized and operating in this

	State, whether or not that party is recognized.
Print Media	Billboards, cards, newspapers, newspaper inserts, magazines, mass mailings (over 500 pieces), pamphlets, fliers, periodicals, and outdoor advertising facilities.
Radio	Any radio broadcast station that is subject to the provisions of 47 USC 315 and 317.
Referendum	Any question, issue, or act referred to a vote of the people of the entire State by the General Assembly, a unit of local government, or by the people under any applicable local act and includes constitutional amendments and State bond issues. This includes any type of municipal, county, or special district referendum.
Referendum committee	A combination of two or more individuals or entities, or two or more business entities that have a major purpose to support or oppose the passage of any referendum on the ballot. An entity remains a referendum committee as long as it receives contributions or makes expenditures or maintains assets. It may cease to exist when it winds up its operations, disposes of its assets, and files a final report. Referendum committees may accept contributions from businesses with no limitations. However, referendum committees may not contribute to any other political committee.
Scan line	Standard term of measurement used in the electronic media industry calculating a certain area in a television advertisement.
Sponsor	A candidate, candidate committee, political party organization, political action committee, individual or other entity that purchases an advertisement.
Television	Any television broadcast station, cable, television system, wireless cable multipoint distribution system, satellite company, or telephone company transmitting video programming that is subject to the provisions of 47 USC 315 and 317.
Treasurer	An individual appointed by a candidate, political committee, or referendum committee to assume the responsibilities of the requirements of the Campaign Reporting Act. This individual may not be the spouse of a candidate.
Unobscured	Means only the printed material that may appear on the television screen is a visual disclosure statement required by law, and nothing is blocking

	the view of the disclosing person's face.
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Campaign Finance Office Publications and Trainings

The Campaign Finance Office of the State Board of Elections is making great strides at educating the public on campaign finance disclosure. Several educational and informational tools are available to the public on a wide variety of issues related to campaign finance disclosure compliance. The *Campaign Reporter* is published by the Campaign Finance Office and is distributed to every registered committee and other interested parties. If you are not a registered committee with our office and would like to receive this quarterly publication, please contact our office at 919-733-7173 or email us at campaign.reporting@ncmail.net.

The Campaign Finance Office of the State Board of Elections conducts treasurer training monthly at the office of the State Board of Elections. Each month a session is offered to treasurers that file their disclosure reports on paper and a session for those treasurers that file electronically. In addition to receiving information on completing the required documentation for required reports, information is given on specific responsibilities of treasurers, current campaign finance rules and regulations, and any recent changes in the law. There is the opportunity for questions and sharing of various ways to accomplish compliance while effectively fundraising. Any treasurer or other interested individual that wishes to attend a treasurer training session should contact our office by phone or email. A schedule of upcoming training dates is posted on our website and published in our newsletter.

The State Board of Elections website contains a section devoted to Campaign Finance. It is on this website that every campaign disclosure report of every candidate filing with the State Board of Elections can be found. All correspondence with committees is also available. The staff of the State Board of Elections is currently working on a system that will provide this same disclosure for every candidate running for office in North Carolina. This will include candidates for local and municipal offices in every county in our state. The website also provides other information on report filing and committee compliance. Downloadable and editable forms are available for committees that file on paper and free software is available for committees that file electronically. Upcoming events and report deadlines are also featured on our website.

Anyone needing assistance on a campaign finance disclosure related issue should contact our office in order to speak to or arrange an

appointment with a campaign finance staff member. The staff of the Campaign Finance Office is always eager to assist you.

Candidate Committees

- **General Requirements**
 - **Appointment of Treasurer**
 - **Organizing the Committee**
 - **Reporting Forms**
 - **Electronic Filing**
 - **Contributions**
 - **Limitations on Fundraising during Legislative Sessions**
 - **Expenditures**
 - **Loans**
 - **Debts and Obligations**
 - **Threshold Requirements**
 - **Notices of Reports due**
 - **Reports to be Certified/Filed Timely**
 - **Civil Penalties**
 - **Inactive Status**
 - **Closing the Committee**
- **State Candidate Committee**
 - **Reporting Schedule**
 - **Where reports are filed**
- **County Candidate Committee**
 - **Reporting Schedule**
 - **Where reports are filed**
- **Municipal Candidate Committee**
 - **Reporting Schedule**
 - **Where reports are filed**
- **Candidates for the North Carolina Court of Appeals and the North Carolina Supreme Court**
 - **Contribution limitations**

- **Referral to *Candidate's Guide to The North Carolina Public Campaign Financing Fund Program***
- **Reports from Elected Officials**
- **Joint Candidate Fundraiser**
 - **Requirements**

General Requirements

Appointment of Treasurer

All candidates for any elected office in North Carolina must have an appointed treasurer. NCGS § 163-278.7 states that a candidate shall appoint a treasurer and, under verification, report the name and address of the treasurer to the appropriate Board. A candidate may appoint himself or any individual, *with the exception of the candidate's spouse*, to serve as treasurer. Failure to appoint a treasurer will result in the candidate being named treasurer and assuming all the duties and responsibilities of a treasurer including being subject to all penalties and sanctions provided by the North Carolina General Statutes. The appointment of treasurer is made on the *Certification of Treasurer* form (**CRO-3100**). Candidates for statewide office, North Carolina General Assembly, and all judicial offices shall file their *Certification of Treasurer* form with the Campaign Finance Office of the North Carolina State Board of Elections. Candidates for county and municipal elected offices should file their *Certification of Treasurer* form with their County Board of Elections office.

An individual appointed as treasurer has several vital responsibilities. This individual must maintain all financial records of the "Committee". These records should document every transaction of the "Committee", including all documentation supporting all contributions and expenditures. In addition, the treasurer is responsible for the timely filing of all required reports. Failure to file reports in a timely manner results in penalties incurred by the "Committee". Further, the treasurer is responsible for the accuracy of the reports and for compliance with the campaign finance laws. Treasurer workshops are offered monthly by the Campaign Finance Office of the State Board of Elections. Each appointed treasurer should attend at least one session per year in order to have training on the most recent changes in the law.

In the event a candidate needs to change treasurers, a new *Certification of Treasurer* form must be completed within 10 days of the change. Failure to complete this form in a timely manner could result in penalties for a late report filing.

Organizing the Committee

One of the biggest misconceptions candidates have when running for office concerns their political committee. Many candidates do not believe

they have a committee. If you are seeking elective office in the State of North Carolina and you are a candidate for a statewide, legislative, judicial, county, or municipal office, you have a committee. A candidate committee may only be the candidate, but it is a committee and therefore, subject to the regulations of candidate political committees.

Now that we have convinced you that you have a candidate committee, you need to organize the committee. The appointment of the treasurer is the first step, along with the completion of the *Statement of Organization-Candidate Committee (CRO-2100A)* and the *Certification of Financial Account Number Information (CRO-3500)*. Every candidate must complete these three forms within 10 days of receiving or spending any money in support of the candidate's candidacy or within 10 days of filing for office, whichever occurs first. A candidate committee must have a unique name, meaning there are no other active or inactive committees registered in North Carolina with the same name. The Campaign Finance Office of the State Board of Elections or the county board of elections office can assist you with assuring your committee name is unique.

After completing the *Statement of Organization-Candidate Committee* and the *Certification of Financial Account Number Information* forms, the candidate must determine if they intend to receive and/or spend over \$3,000 on the campaign during the election cycle. Keep in mind, any personal money a candidate spends counts toward the \$3,000 limit. If the candidate determines they will NOT spend over \$3,000 for the election cycle (refer to the definition of election cycle in the GLOSSARY), a *Certification of Threshold (CRO-3600)* must be completed. This Certification states that the candidate will not receive and/or spend over \$3,000 for the election cycle. If the candidate exceeds the threshold, this form would be amended and all reports not previously filed would be required. Completion of and abiding by the *Certification of Threshold* exempts the candidate from the required disclosure reports. If the candidate does intend to spend over \$3,000, an **Organizational Report** would be required with the *Statement of Organization-Candidate Committee (CRO-2100A)*, *Certification of Financial Account Number Information (CRO-3500)* and the *Certification of Treasurer (CRO-3100)*. The **Organizational Report** is the first required disclosure report for committees not certifying under the Threshold. The contents of the **Organizational Report** would include any contributions received or expenditures made in support of the candidacy. The **Organizational Report** must include the *Disclosure Report Cover form (CRO-1000)* and the *Detailed Summary form (CRO-1100)*. If contributions have been received or expenditures made, additional forms containing those transactions would be included with this report. A helpful hint to

remember when completing disclosure reports using our paper forms is that the *Detailed Summary* form (**CRO-1100**) is your roadmap. If you list a dollar amount on any line of that form, you will need to complete the form that is listed beside the dollar amount. If you use our electronic software, this process is even simpler. Once these steps have been taken, the committee is ready to begin.

Reporting Forms

If your committee has not filed under the Threshold, disclosure reports will be required. These reports can either be filed on paper or electronically. There are 56 forms in our paper disclosure filing system. Most committees will use less than 10 of these forms, but there is a form for most all transactions, if needed. For committees desiring to keep all records in an electronic format, the Campaign Finance Office of the State Board of Elections has developed electronic software to keep these records and complete the required disclosure reports. This software is discussed in the next section.

If you decide to use the paper forms, the following list contains the forms that could be used by your committee. These forms can be found on our website at www.sboe.state.nc.us. Some of the forms in our system are specific to certain types of committees. Candidate Committees should only submit from the list provided below:

CRO-2100A	Statement of Organization-Candidate Committee
CRO-2110	Statement of Organization Addendum
CRO-2120	Additional Committee Funds
CRO-3100	Certification of Treasurer
CRO-3200	Certification of Inactive Status
CRO-3300	Certification to Return to Active Status
CRO-3400	Certification to Close Committee
CRO-3500	Certification of Financial Account Number Information
CRO-3600	Certification of Threshold
CRO-3700	Certification of Incorporated Political Committee
CRO-1000	Disclosure Report Cover
CRO-1010	Disclosure Report Cover Addendum
CRO-1100	Detailed Summary
CRO-1205	Aggregated Contributions from Individuals
CRO-1210	Contributions from Individuals
CRO-1220	Contributions from Political Party Committees
CRO-1230	Contributions from Other Political Committees
CRO-1240	Refunds and Reimbursements to the Committee
CRO-1250	Other Receipt Sources
CRO-1260	Goods and Services (including Fundraisers)
CRO-1310	Disbursements
CRO-1320	Refunds and Reimbursements from the Committee

CRO-1330	Non-Monetary Gifts Given to Other Committees
CRO-1410	Loan Proceeds
CRO-1420	Loan Repayments
CRO-1430	Outstanding Loans
CRO-1440	Forgiven Loans
CRO-1510	In-kind Contributions
CRO-1610	Debts and Obligations Owed by the Committee
CRO-1620	Debts and Obligations Owed to the Committee
CRO-1720	Account Transfers Within the Committee
CRO-6100	Loan Proceeds Statement
CRO-6200	Forgiven Loan Statement
CRO-6300	Contribution form a Business Account Statement
CRO-2220	48 Hour Notice

Electronic Filing

Electronic filing is an alternative for all candidate committees and a requirement for some candidate committees. The Campaign Finance Office of the State Board of Elections has spent the past three years re-designing and upgrading the electronic filing software in an effort to provide committees with improved campaign finance management and disclosure tools. The FREE software includes an audit feature that will identify possible violations and discrepancies before the report is filed. In addition, the software tracks all contributors entered into the system and reports only those contributors required by law to be reported. Software training is available each month at the State Board of Elections office in Raleigh. Regional trainings are being planned for 2006. Dates and locations will be posted on our website at www.sboe.state.nc.us.

Candidates for statewide office that show a cumulative total for the election cycle in excess of five thousand dollars (\$5,000) in contributions, in expenditures, or in loans must file electronically with the Campaign Finance Office of the State Board of Elections. In addition, a candidate committee that makes contributions in excess of five thousand dollars (\$5,000) to candidates for statewide office or makes independent expenditures in excess of five thousand dollars (\$5,000) that affect contests for statewide office must also file electronically. Candidate committees required to file electronically but failing to do so are subject to penalties.

For more information on filing disclosure reports electronically, please contact our office at 919-733-7173 or visit our website.

Contributions

Contributions are anything of value that support or oppose the nomination or election of one or more clearly identified candidates. Contributions may be monetary or non-monetary. Loans, pledges, gifts, proceeds or sales of services, in-kind transfers, use of any supplies, office machinery, vehicles, aircraft, office space or related services, goods, or personal or real property are all contributions. All contributions are subject to the regulations of the North Carolina General Statutes. A contribution that is made by the candidate or candidate's family would still be subject to the same disclosure as any other contribution received by the candidate.

It is important to be extremely familiar with the limitations and prohibitions on contributions. The following information is for all candidates other than those candidates for the North Carolina Court of Appeals and the North Carolina Supreme Court. **Candidates for the North Carolina Court of Appeals and the North Carolina Supreme Court should refer to the specific tab for those offices contained in this section (Candidate Committee) of the manual for contribution limitations and prohibitions.**

Limitations

A candidate may not accept and a contributor may not give more than four thousand dollars (\$4,000) per election. Therefore, if there is a primary for the office of the candidate and a general election, the candidate may receive four thousand dollars (\$4,000) through the day of the primary and four thousand dollars (\$4,000) from the day after the primary through the general election. If the candidate is on the ballot in a second primary, the candidate would be entitled to receive an additional four thousand dollars (\$4,000) from the day after the primary through the day of the second primary. If a candidate is not on the ballot for the second primary, they would not be entitled to the additional four thousand dollars (\$4,000). A candidate, the candidate's spouse, parents, brothers and sisters may contribute unlimited amounts to the candidate and are not subject to the limitations. Any National, State, district or county executive committee of any political party (recognized under GS 163-96) is exempt from the contribution limitations as well.

Prohibitions

It is unlawful for any corporation, business entity, labor union, professional association, or insurance company to directly or indirectly contribute to a candidate. Political committees not registered with North Carolina are also prohibited from contributing. A registered political committee, other than those exempt political party committees, may

contribute four thousand dollars (\$4,000) per election to candidate committees. Registered referendum committees that received any contribution from a corporation, labor union, insurance company, business entity, or professional association may not contribute to a candidate committee.

Reporting Contributions

All contributions must be reported. If the candidate committee has certified to remain under the three thousand (\$3,000) threshold, all contributions must be documented and maintained internally. Upon the request of the Campaign Finance Office of the State Board of Elections, these documents would be required to be produced by the committee. Committees not filing under the threshold are required to report all contributions. All contributors contributing over \$100 for the election cycle must be reported with the name of the contributor, the address and occupational information. Contributions received from an individual that is a resident of North Carolina and has not exceeded \$100 over the course of the election cycle does not require the reporting of the name, address or occupational information of the individual. During the course of the election cycle, if the individual contributes aggregately over \$100, the individual would be required to be listed on the next required report and all contributions made by that individual would be required to be listed as well. For example, if John Doe contributes \$20 on January 5, 2004, \$30 on May 1, 2004, \$30 on July 4, 2004, and \$30 on August 10, 2004, it would not be until the August 10, 2004 contribution that the individual's name would be required to be reported. Up until August 10, 2004, all the previous contributions would have been reported, but not with the name of the contributor. This contributor would be listed on the *Aggregated Contributions from Individuals* form (**CRO-1205**). The next report required after August 10, 2004 would contain an entry for John Doe on the *Contributions from Individuals* form (**CRO-1210**). It would list all four contributions. There would also be a box to indicate that the first three contributions have already been reported previously without the name of the contributor. A contribution of any amount from a non-resident of North Carolina would require reporting the name, address, and occupational information.

Contributions received at a fundraiser from the sale of items such as dinner tickets, t-shirts, buttons, or hotdogs would also require disclosure. For the contributors that have not exceeded the \$100, their contributions may be listed on the *Goods and Services* form (**CRO-1260**). Follow the directions of this form in order to provide all information needed for compliance.

In-kind contributions are reported as any other contribution. The contributor should provide the committee with a statement setting forth

the fair market value of the in-kind contribution. The contribution is reported on the appropriate form (*Contributions from Individuals (CRO-1210)* or *Contributions from Political Party Committees (CRO-1220)* or *Contributions from Other Political Committees (CRO-1230)* or *Other Receipt Sources (CRO-1250)*) and also on the *In-Kind Contributions* form (CRO-1510). The reporting on the *In-Kind Contributions* form (CRO-1510) serves to balance the account. Since the in-kind contribution is not actually monetary, when it is reported as a receipt it inflates the balance of the account. The *In-Kind Contribution* form balance is recorded in the expenditure portion of the reporting. Therefore, the amount of the receipt is subtracted from the total, balancing the account and providing accurate disclosure as to the amount of money in the account.

Limitations on Fund-raising during Legislative Sessions

While the General Assembly is in “regular session” there are certain fund-raising limitations that must be observed. The following information is a summary of NCGS § 163-278.13B and pertinent advisory opinions on this subject by the Executive Director of the State Board of Elections.

- A NC registered lobbyist, that lobbyist’s agent, that lobbyist’s principal, or a political committee that employs or contracts with or whose parent entity employs or contracts with a NC registered lobbyist (“limited contributor”) may not contribute to a member or candidate for the General Assembly or member or candidate for the Council of State (“limited contributee”) while the General Assembly is in “regular session.” A “regular session” of the General Assembly is defined as the date set by law or resolution that the General Assembly convenes until the General Assembly adjourns sine die or recesses or adjourns for more than 10 days.
- A “limited contributee” may not solicit from a “limited contributor” any contribution to be made to a “limited contributee” or any other candidate, officeholder, or political committee.
- A “limited contributee” may not solicit a third party to directly or indirectly solicit a contribution from a “limited contributor” **or** have the third party relay to the “limited contributor” the solicitation of the “limited contributee”.
- No “limited contributor” shall make or offer to make a contribution to a “limited contributee”.

- No “limited contributor” shall make a contribution to any candidate, officeholder, or political committee and direct or request that contribution to be made to a “limited contributee.”
 - No “limited contributor” shall transfer anything of value to any entity and direct that entity to use what was transferred as a contribution to a “limited contributee.”
 - No “limited contributee” or the real or purported agent of a “limited contributee” prohibited from solicitation shall accept a contribution from a “limited contributor.”
 - No “limited contributor” shall solicit a contribution from any individual or political committee on behalf of a “limited contributee.” This does not apply to a “limited contributor” soliciting a contribution on behalf of a political party executive committee if the solicitation is solely for a separate segregated fund kept by the political party limited to use for activities that are not candidate-specific, including generic voter registration and get-out-the-vote efforts, pollings, mailings, and other general activities and advertising that do not refer to a specific individual candidate.
- ❖ A contribution is “**made**” during regular session if the check or other instrument is dated during the session, or if the check or other instrument is delivered to the “limited contributee” during session, or if the “limited contributor” pledges during the session to deliver the check or other instrument at a later time.
 - ❖ A contribution is “**accepted**” during regular session if the check or other instrument is dated during the session, or if the “limited contributee” receives the check or other instrument during session and does not return it within 10 days.
 - ❖ A violation of these limitations is a Class 2 misdemeanor.
 - ❖ The exception to these limitations is that the limitations on fund-raising do not apply to a “limited contributee” during the three weeks prior to a second primary where the “limited contributee” will be a candidate on the ballot.

Expenditures

There are very few restrictions on how a committee may spend their money. However, all expenditures must be reported, along with the specific purpose of the expenditure. The limitations on expenditures exist mainly in contributing to other political committees. Unless the political committee is a political party committee exempt from the contribution limitations, a candidate committee would be limited to contributing four thousand dollars (\$4,000) per election.

All expenditures must be reported. Any expenditure that is made for media purposes must be paid by check and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure and the specific purpose of the expenditure. In addition, the amount this payee has been paid over the course of the election cycle must also be reported. All expenditures that are over \$50 may not be paid with cash and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure, and the specific purpose of the expenditure. Election cycle totals for the payee must also be included. Expenditures for non-media purposes that are less than \$50 may be shown as an aggregate amount and may be made in cash. The name of the payee is not required to be disclosed. However, the date of the expenditure, the specific amount of each expenditure, and the purpose of each expenditure must be included. Any expenditure for postage may be paid in cash in any amount.

If a committee has something of value that is not monetary and they make an in-kind contribution to another entity, the committee must reflect this expenditure on the *Non-Monetary Gifts Given to Other Committees* form (**CRO-1330**). This amount is not included in any totals on the summary sheet, but is contained in the informational section of the *Detailed Summary* form (**CRO-1100**).

Committee treasurers should keep receipts for all expenditures on file. This is not a requirement, but can be helpful during audits.

Loans

Candidate Committees may receive loans from individuals and other entities allowed to make contributions. Loans are contributions and are subject to the same limitations as contributions. If a Candidate Committee receives a loan there is specific paperwork that must be completed. The treasurer of the Candidate Committee must have the “lender” complete and sign the *Loan Proceeds Statement* (**CRO-6100**). This statement requires the “lender” to provide the name of the lending institution and all guarantors responsible for the loan. The loan amount from an individual, other than the candidate, the candidate’s spouse, parents, or siblings, must not exceed four thousand dollars (\$4,000). If the “lender” has previously made a contribution, the loan amount totaled with the previous contribution may not exceed four thousand dollars (\$4,000) for that election. Any guarantor on the loan may not make any contribution that totaled with the amount of the loan they have guaranteed would exceed four thousand dollars (\$4,000).

A loan may only be forgiven if the lending institution has been paid in full for the amount of the loan and no other entity is owed for the loan. A “lender” wishing to forgive the loan would need to complete the *Forgiven Loan Statement* (**CRO-6200**). If a Candidate Committee has a loan that has not been repaid or forgiven, the Committee may not close until the entire amount of the loan has been satisfied.

Debts and Obligations

All committees must document all debts and obligations owed by the “Committee” and those debts and obligations owed to the “Committee”. If a “Committee” receives a good or service for which they did not pay for at the time, the date the good is received and/or the service rendered would be reflected as the date of the debt on the *Debts and Obligations Owed by the Committee* form (**CRO-1610**). Failure to provide this information is a failure to provide disclosure. The definition of expenditure includes a pledge, contract, promise or other obligation to make an expenditure. Therefore, the date of such pledge, contract, or promise is the date that should be reflected on the *Debts and Obligations Owed by the Committee* form.

A “Committee” may not close until all debts and obligations have been paid by the “Committee”. Any debt or obligation that is not paid would be considered a contribution to the “Committee”. Contributions over the limitation and from prohibited contributors would result in violations by the “Committee”.

Threshold Requirements

Candidate Committees have the option of being exempt from the reporting requirements if they certify that during the entire election cycle they will neither raise nor spend more than three thousand dollars (\$3,000) to further the candidate’s campaign. This certification is made on the *Certification of Threshold* form (**CRO-3600**). After this certification has been filed, the Candidate Committee is not required to file disclosure reports. However, the Candidate Committee is required to keep detailed records of all contributions and expenditures and to produce such records upon request of the Campaign Finance Office of the State Board of Elections.

Candidate Committees that make the certification and exceed the three thousand dollar (\$3,000) limitation during the election cycle, must immediately file an amended *Certification of Threshold* form (**CRO-3600**).

In addition, all contributions and expenditures from the origination date of the Committee through the end of the current reporting period must be reported on the next required disclosure report. Filing under the threshold only exempts the Candidate Committee from reporting requirements, not requirements to keep internal records of all Committee transactions.

Notices of Reports Due

Upon registration of a Candidate Committee, all committees that have not filed under the three thousand dollar (\$3,000) threshold will receive notices for all reports due. These notices will generally be included with the newsletter publication of the Campaign Finance Office. All notices are sent to the current treasurer of record. Candidate Committees that change treasurers without notifying the appropriate Board of Elections office may not receive notices of reports being due. In addition, failure to provide notification of a treasurer change is a violation of disclosure law.

The Campaign Finance Office of the State Board of Elections maintains email addresses of all treasurers wishing to receive email notification of report notices. Committees wishing to be added to this list should contact the Campaign Finance Office of the State Board of Elections.

Reports to be Certified/Filed Timely

All disclosure reports must be certified by the treasurer as true and accurate. No longer are disclosure reports required to be notarized. An original signature below the certification statement contained on the *Disclosure Report Cover Sheet (CRO-1000)* serves as certification that the report being submitted is true and accurate as filed.

Disclosure reports are considered filed timely if they are hand delivered by the due date of the report or postmarked by the due date of the report. Disclosure reports must be filed at the appropriate Board of Elections office. Failure to do so could result in penalties for late filings. If a report only bears a meter mark, the date the report is received in the appropriate Board of Elections office will be the date filed. If that date is after the due date, the report will be considered late. All reports not postmarked on or before the due date or not received by the appropriate Board of Elections office on or before the due date will be considered late and assessed penalties for late filing.

The Campaign Finance Office of the State Board of Elections **strongly encourages** treasurers to send all disclosure reports by certified mail. In the event a postmark is not legible or a report is lost in the mail, the certified mail receipt will serve as proof of timely filing.

Civil Penalties

Candidate committees may receive penalties for late filed reports. A candidate committee's report that does not affect a statewide election would be penalized at \$50 per day not to exceed \$500. A report is considered to affect a statewide election if the Committee made any contributions to or in support of a statewide candidate or received any contributions from a statewide candidate. If the Candidate Committee did file a report that affected a statewide election, the Committee would be penalized at a rate of \$250 per day not to exceed \$10,000. In calculating penalties, only days the office is open are counted toward the penalty amount.

Failure to pay assessed penalties could result in a committee's active status being terminated. Once a committee's status is terminated, the committee is not eligible to receive contributions or make expenditures.

Inactive Status

Candidate Committees that do not desire to disburse all funds nor intend on receiving any contributions or making expenditures for a period of time, may file a *Certification of Inactive Status* form (**CRO-3200**). By filing this form, the Committee certifies that they will remain inactive (not receiving any contributions or making any expenditures) until a *Certification to Return to Active Status* form (**CRO-3300**) is filed. During the time the Committee is Inactive, disclosure reports are not required to be filed. If at some point the Committee intends on receiving contributions or making expenditures, the *Certification to Return to Active Status* form should be completed and all subsequent disclosure reports should be filed.

Closing the Committee

Candidates that wish to close their committee may do so at any time during the election cycle. In order to close the committee, all funds in the bank account must be disbursed. If the Candidate Committee filed under the \$3,000 threshold, the only other documentation required would be the *Certification to Close Committee* form (**CRO-3400**). If the Candidate Committee did not file under the \$3,000 threshold, a “Final Report” will be required in addition to the *Certification to Close Committee* form (**CRO-3400**). The “Final Report” reflects all activities starting with the first day not covered on the last report and ending on the day the last disbursement is made or if the decision to close the committee occurred after the last disbursement, the date of the decision would be the end of the reporting period.

After the required paperwork has been filed by the Committee with the appropriate board of elections office, the treasurer will consider the Committee “tentatively closed” until a letter has been sent by the Campaign Finance Office of the State Board of Elections stating that a “Final Audit” has been conducted and the Committee is considered “Closed”. The treasurer should maintain all records for the next two years after the conclusion of the election cycle.

State Candidate Committee

Reporting Schedule

This schedule is for all candidates in statewide elections, candidates for the North Carolina House and Senate, candidates for District and Superior Court seats, and candidates for District Attorney.

- | | |
|--|---|
| <ul style="list-style-type: none">• Within 10 days | Organizational Report |
| <ul style="list-style-type: none">• January 27, 2006 | 2005 Year End Semi-Annual Report <ul style="list-style-type: none">• <i>Required from all registered committees and elected officials</i>• <i>Covers from July 1 through December 31, 2005</i> |
| <ul style="list-style-type: none">• April 24, 2006 | 2006 First Quarter Plus Report <ul style="list-style-type: none">• <i>The first quarter plus 17 days preceding primary elections</i>• <i>Required from all registered committees actively participating in the 2006 elections</i>• <i>Covers from last report through April 15</i> |
| <ul style="list-style-type: none">• April 16- May 2, 2006 | 48 Hour Reports <ul style="list-style-type: none">• <i>Required when contributions of \$1,000 or more are received</i>• <i>Due within 48 hours of receiving such a contribution</i> |
| <ul style="list-style-type: none">• May 2, 2006 | PRIMARY |
| <ul style="list-style-type: none">• July 11, 2006 | 2006 Second Quarter Report <ul style="list-style-type: none">• <i>Required from all registered committees actively participating in the 2006 elections</i>• <i>Covers from last report through June 30</i> |

- **July 28, 2006**
 - 2006 Mid Year Semi-Annual Report**
 - *Required from all registered committees NOT actively participating in the 2006 elections*
 - *Covers from January 1, 2006 through June 30, 2006.*

- **October 30, 2006**
 - 2006 Third Quarter Plus Report**
 - *Third Quarter plus 17 days preceding the general election*
 - *Required from all registered committees actively participating in the 2006 elections*
 - *Covers from last report through October 21*

- **October 22-November 7**
 - 48 Hour Reports**
 - *Required when contributions of \$1,000 or more are received*
 - *Due within 48 hours of receiving such a contribution*

- **November 7, 2006**
 - GENERAL ELECTION**

- **January 10, 2007**
 - 2006 Fourth Quarter Report**
 - *Required from all registered committees who actively participated in the 2006 elections*
 - *Covers from last report through December 31*

- **January 26, 2007**
 - 2006 Year End Semi-Annual Report**
 - *Required from registered committees not participating in the 2006 elections*
 - *Covers from July 1, 2006 through December 31, 2006*

- **July 27, 2007**
 - 2007 Mid Year Semi-Annual Report**
 - *Required from registered committees not participating in the 2006 elections*
 - *Covers from January 1, 2007 through June 30, 2007*

 - Final Report**
 - *Filed when all funds are disbursed, loans repaid or forgiven and committee bank account closed*

Where do I file these reports?

All reports should be filed with the Campaign Finance Office of the State Board of Elections at 506 North Harrington Street, Raleigh, NC 27603.

The mailing address is : PO Box 27255
Raleigh, NC 27611-7255

Phone: 919-733-7173

County Candidate Committees

Reporting Schedule

This schedule is for all candidates in county elections.

- | | |
|--------------------------------|---|
| • Within 10 days | Organizational Report |
| • January 27, 2006 | 2005 Year End Semi-Annual Report <ul style="list-style-type: none">• <i>Required from all registered committees and elected officials</i>• <i>Covers from July 1 through December 31, 2005</i> |
| • April 24, 2006 | 2006 First Quarter Plus Report <ul style="list-style-type: none">• <i>The first quarter plus 17 days preceding primary elections</i>• <i>Required from all registered committees actively participating in the 2006 elections</i>• <i>Covers from last report through April 15</i> |
| • April 16- May 2, 2006 | 48 Hour Reports <ul style="list-style-type: none">• <i>Required when contributions of \$1,000 or more are received</i>• <i>Due within 48 hours of receiving such a contribution</i> |
| • May 2, 2006 | PRIMARY |
| • July 11, 2006 | 2006 Second Quarter Report <ul style="list-style-type: none">• <i>Required from all registered committees actively participating in the 2006 elections</i>• <i>Covers from last report through June 30</i> |
| • July 28, 2006 | 2006 Mid Year Semi-Annual Report <ul style="list-style-type: none">• <i>Required from all registered committees NOT actively participating in the 2006 elections</i> |

- *Covers from January 1, 2006 through June 30, 2006.*

- **October 30, 2006**

2006 Third Quarter Plus Report

- *Third Quarter plus 17 days preceding the general election*
- *Required from all registered committees actively participating in the 2006 elections*
- *Covers from last report through October 21*

- **October 22-November 7**

48 Hour Reports

- *Required when contributions of \$1,000 or more are received*
- *Due within 48 hours of receiving such a contribution*

- **November 7, 2006**

GENERAL ELECTION

- **January 10, 2007**

2006 Fourth Quarter Report

- *Required from all registered committees who actively participated in the 2006 elections*
- *Covers from last report through December 31*

- **January 26, 2007**

2006 Year End Semi-Annual Report

- *Required from registered committees not participating in the 2006 elections*
- *Covers from July 1, 2006 through December 31, 2006*

- **July 27, 2007**

2007 Mid Year Semi-Annual Report

- *Required from registered committees not participating in the 2006 elections*
- *Covers from January 1, 2007 through June 30, 2007*

Final Report

- *Filed when all funds are disbursed, loans repaid or forgiven and committee bank account closed*

Where do I file these reports?

All reports should be filed with the candidate's local board of elections office.

Refer to our website (www.sboe.state.nc.us) for the address of all county board of elections offices.

Municipal Candidate Committees

Reporting Schedule

The following four schedules are for candidates participating in municipal elections. **Please refer to the schedule that reflects the type of election conducted for the municipality of the candidate.**

Any municipal candidate with an active committee that did not file under the threshold must file the following reports in addition to any listed under the specific type of election for their municipality:

- **July 28, 2006** **2006 Mid-Year Semi Annual Report**
 - *Required from all candidates and elected officials not participating in the 2006 elections.*
 - *Covers from January 1, 2006 through June 30, 2006*
- **January 26, 2007** **2006 Year-End Semi Annual Report**
 - *Required from all candidates and elected officials not participating in the 2006 elections*
 - *Covers from July 1, 2006 through December 31, 2006*
 -

Type 1- Nonpartisan Plurality

- **Within 10 days** **Organizational Report**
- **October 2, 2007** **Thirty-five day Report**
 - *Required from all candidates and elected officials participating in the nonpartisan plurality election.*
 - *Covers from last report through September 25, 2007*
- **October 29, 2007** **Pre-Election Report**
 - *Due 10 days before the election*

- *Required from all registered committees actively participating in the current year elections*
- *Covers from last report through October 22, 2007*

- **November 6, 2007**

ELECTION DAY

Final Report

- *Filed when all funds are disbursed, loans repaid or forgiven and committee bank account closed*

Type 2-Partisan with Primary

- **August 21, 2007**

Thirty-five day Report

- *Required from all candidates and elected officials participating in the nonpartisan plurality election.*
- *Covers from last report through August 14, 2007*

- **September 17, 2007**

Pre-Primary Report

- *Due 10 days before the primary.*
- *Required from all candidates actively participating in the current year elections*
- *Covers from August 15, 2007 through September 10, 2007*

- **September 25, 2007**

PRIMARY

- **October 8, 2007**

Second Primary Report

- *Due 10 days before the second primary.*
- *Required from all candidates on the ballot for the second primary*
- *Covers from September 11, 2007 through October 1, 2007*

- **October 16, 2007**

SECOND PRIMARY (if needed)

- **October 29, 2007**

Pre-Election Report

- *Due 10 days before the election.*
- *Required from all candidates actively participating in the current year elections.*
- *Covers from last report through October 22, 2007.*

- **November 6, 2007**

ELECTION DAY

Final Report

- *Filed when all funds are disbursed, loans repaid or forgiven and committee bank account closed*

Type 3-Nonpartisan with Primary

- **September 4, 2007**

Thirty-five day Report

- *Required from all candidates on the ballot for the Primary*
- *Covers from last report through August 28, 2007.*

- **October 2, 2007**

Thirty-five day Report

- *Required from all candidates not in the primary but actively participating in the current year elections*
- *Covers from last report through September 25, 2007.*

- **October 1, 2007**

Pre-Primary Report

- *Due 10 days before the primary.*
- *Required from all candidates on the ballot for the primary*
- *Covers from last report through September 24, 2007*

- **October 9, 2007**

PRIMARY

- **October 29, 2007**

Pre-Election Report

- *Due 10 days before the election.*
- *Required from all candidates actively participating in the current year elections.*
- *Covers from last report through October 22, 2007.*

- **November 6, 2007**

ELECTION DAY

Final Report

- *Filed when all funds are disbursed, loans repaid or forgiven and committee bank account closed*

Type 4-Nonpartisan with Runoff

- **September 4, 2007**

Thirty-five day Report

- *Required from all candidates actively participating in the current year elections.*
- *Covers from last report through August 28, 2007*

- **October 1, 2007**

Pre-Election Report

- *Due 10 days before the election.*
- *Required from all candidates actively participating in the current year elections.*
- *Covers from August 29, 2007 through September 24, 2007*

- **October 9, 2007**

ELECTION DAY

- **October 29, 2007**

Pre-Runoff Report

- *Due 10 days before the runoff.*
- *Required from all candidates on the ballot in the runoff.*
- *Covers from September 25, 2007 through October 22, 2007.*

- **November 6, 2007**

RUNOFF (if needed)

Final Report

- *Filed when all funds are disbursed, loans repaid or forgiven and committee bank account closed*

Where do I file these reports?

All reports should be filed with the candidate's local board of elections office.

Refer to our website (www.sboe.state.nc.us) for the address of all county board of elections offices.

Candidates for the North Carolina Court of Appeals and the North Carolina Supreme Court

Contribution limitations

In 2003, the North Carolina General Assembly passed legislation that provides for a change in the contribution limitations for candidates for the North Carolina Court of Appeals and the North Carolina Supreme Court. Until that time, all candidates for all offices were subject to the \$4,000 contribution limitation per contributor per election. The new change decreases the contribution maximum for candidates for the North Carolina Court of Appeals and the North Carolina Supreme Court from \$4,000 per contributor per election to \$1,000 per contributor per election with the exception of family contributors who may contribute \$2000 per election. A candidate for judge of the Court of Appeals or justice of the Supreme Court could accept a contribution of \$2,000 from a family contributor for that election. The definition of family contributor for these candidates differs from the definition of family contributor for other offices. A family contributor for a candidate for the North Carolina Court of Appeals or North Carolina Supreme Court is defined as:

- the candidate's parent,
- the candidate's child,
- the candidate's brother, or
- the candidate's sister.

In addition, during the period 21 days before the day of the general election and ending the day after the general election, no candidate shall accept and no contributor shall make a contribution to a candidate for the North Carolina Court of Appeals or the North Carolina Supreme Court that is opposed by a candidate that is certified as a candidate in the Public Campaign Financing Fund program if that candidate has not already received the maximum rescue funds available. If a candidate receives a contribution that violates this prohibition, the candidate has three days to return the contribution to the contributor or file a detailed statement with the State Board of Elections explaining why the contribution is not a violation.

There is nothing in this new legislation that would prohibit a candidate or the spouse of a candidate from contributing or loaning (if the loan is

secured completely by the individual's assets) any amount of money to the campaign of the candidate.

Referral to *A Candidate's Guide to The North Carolina Public Campaign Financing Fund Program*

******Candidates participating in the Public Campaign Financing Fund Program have more stringent limitations than those mentioned above. Please refer to the *Candidate's Guide to The North Carolina Public Campaign Financing Fund Program* in this Manual for complete regulations and instructions. Non-participating candidates should also refer to this *Candidate's Guide*.**

Reports from Elected Officials

Any elected official that maintains a “booster fund”, “support fund”, “unofficial office account”, or any other account or source used in support of an individual’s candidacy for elective office or in support of an individual’s duties while in elective office shall report the activities of that account on the Mid Year Semi-Annual Report and the Year End Semi-Annual Report. All money supporting these activities will be considered contributions and expenditures and are subject to reporting. Refer to the **Candidate Reporting Schedule** for specific dates.

Joint Candidate Fundraisers

Candidates often make the decision to hold fundraisers with other candidates. This is an acceptable practice as long as certain instructions are followed. The following information is for candidates for state or local office. If a state or local candidate wishes to hold a joint fundraiser with a federal candidate, the FEC should be contacted at 1-800-424-9530 for further instructions.

Requirements

A joint candidate fundraiser must be treated as a separate political committee with a separate bank account. Therefore, within 10 days of a decision to hold a fundraiser or receipt of the first contribution, a *Statement of Organization-Joint Candidate Committee (CRO-2100B)* must be completed. The *Statement of Organization-Joint Candidate Committee (CRO-2100B)* must contain:

- The name and office of each candidate involved;
- The percentage of profit that each candidate will receive, and
- The name and address of the treasurer of the joint fund-raising committee.

Within 30 days of the date of the event, a campaign disclosure report should be filed with the appropriate campaign finance office. If all candidates involved file their individual campaign finance disclosure reports with a county board of elections office, these forms will also be filed with that county board of elections office. If one or more candidates file their campaign disclosure reports with the State Board of Elections, these forms will be filed with the State Board of Elections.

If, at the time of the 30 day report, all funds have been disbursed and contributions and expenditures balance to zero, this report will be both an **Organizational Report** and a **Final Report**. If funds remain in the

bank account, reports should be filed on a regular schedule until a **Final Report** is filed.

Candidates participating in a joint fundraiser should realize they continue to be limited to \$4,000 per contributor per election. Therefore, if a contributor had previously given the candidate's committee a contribution for \$2,000 and then wishes to contribute to the fundraiser, the amount of the contribution may not exceed \$2,000 for the candidate that has already received \$2,000 from that contributor. Treasurers for the individual candidate committees must be certain that contribution limitations have not been exceeded between the individual candidate committee and their percentage of the joint candidate committee. The treasurer of the joint candidate committee must provide the treasurer of each participating candidate with a list of contributors and the percentage of each contributor's contribution to that candidate. It will then be the responsibility of the individual candidate treasurer to insure contributions limitations are being met.

Political Party Committees

- **General Requirements**
 - **Appointment of Treasurer**
 - **Organizing the Committee**
 - **Reporting Forms**
 - **Electronic Filing**
 - **Contributions**
 - **Expenditures**
 - **Loans**
 - **Debts and Obligations**
 - **Threshold Requirements**
 - **Notices of Reports due**
 - **Reports to be Certified/Filed Timely**
 - **Civil Penalties**
 - **Inactive Status**
 - **Closing the Committee**
- **State/County Executive and Subordinate Committees**
 - **Reporting Schedule**
 - **Where reports are filed**
- **North Carolina Political Parties Financing Fund**
 - **Appropriations**
 - **Distribution of funds**
 - **Legitimate expenses permitted**
 - **Annual Report due**
- **Political Party Headquarters Building Funds**
 - **Allowable contributions**
 - **Specific Use of Building Funds**
 - **Reports due**

General Requirements

Appointment of Treasurer

All political party committees must have an appointed treasurer. NCGS § 163-278.7 states that a political committee shall appoint a treasurer and, under verification, report the name and address of the treasurer to the appropriate Board. The appointment of treasurer is made on the *Statement of Organization-Party Committee* form (**CRO-2100C**). All political party committees should file this form with the Campaign Finance Office of the North Carolina State Board of Elections. The *Statement of Organization-Party Committee* form (**CRO-2100C**) is the only form that can be used by a political party committee to officially change the treasurer. The treasurer listed on the last filed *Statement of Organization-Party Committee* form will be the treasurer of record and is considered responsible for the compliance of the “Committee”. Political Party committees often change treasurers at least every two years. It is extremely important for the “Committee” to complete the amended *Statement of Organization-Party Committee* within 10 days of the change of treasurer. Failure to do so could result in late report penalties.

An individual appointed as treasurer has several vital responsibilities. This individual must maintain all financial records of the “Committee”. These records should document every transaction of the “Committee”, including all documentation supporting all contributions and expenditures. In addition, the treasurer is responsible for the timely filing of all required reports. Failure to file reports in a timely manner results in penalties incurred by the “Committee”. Further, the treasurer is responsible for the accuracy of the reports and with compliance of the campaign finance laws. Treasurer workshops are offered monthly by the Campaign Finance Office of the State Board of Elections. Each appointed treasurer should attend at least one session per year in order to have training on the most recent changes in the law.

Organizing the Committee

Within 10 days of a political party committee organizing, they must register with the Campaign Finance Office of the State Board of Elections. The appointment of the treasurer is the first step, along with the completion of the *Statement of Organization-Party Committee* (**CRO-2100C**) and the *Certification of Financial Account Number Information* (**CRO-3500**). Every political party committee must complete these two

forms within 10 days of receiving or spending any money. A political party committee must have a unique name, meaning there are no other active or inactive committees registered in North Carolina with the same name. The Campaign Finance Office of the State Board of Elections or the county board of elections office can assist you with assuring your committee name is unique.

After completing the *Statement of Organization-Party Committee* and the *Certification of Financial Account Number Information* forms, the committee must determine if they intend on receiving and/or spending over \$3,000 for the election cycle. If the political party committee determines they will NOT spend over \$3,000 for the election cycle (refer to the definition of election cycle in the GLOSSARY), a *Certification of Threshold (CRO-3600)* must be completed. This Certification states that the political party committee will not receive and/or spend over \$3,000 for the election cycle. If the “Committee” exceeds the threshold, this form would be amended and all reports not previously filed would be required. Completion and abiding by the *Certification of Threshold* exempts the political party committee from the required disclosure reports. If the political party committee does intend on spending over \$3,000, an **Organizational Report** would be required with the *Statement of Organization-Party Committee* form (**CRO-2100C**) and the *Certification of Financial Account Number Information* form (**CRO-3500**). The **Organizational Report** is the first required disclosure report for committees not certifying under the Threshold. The contents of the **Organizational Report** would include all contributions and expenditures. The **Organizational Report** must include the *Disclosure Report Cover* form (**CRO-1000**) and the *Detailed Summary* form (**CRO-1100**). If contributions have been received or expenditures made, additional forms containing those transactions would be included with this report. A helpful hint to remember when completing disclosure reports using our paper forms is that the *Detailed Summary* form (**CRO-1100**) is your roadmap. If you list a dollar amount on any line of that form, you will need to complete the form that is listed beside the dollar amount. If you use our electronic software, this process is even more simplified. Once these steps have been taken, the committee is ready to begin.

Reporting Forms

If your committee has not filed under the Threshold, disclosure reports will be required. These reports can either be filed on paper or electronically. There are 56 forms in our paper disclosure filing system. Most committees will use less than 10 of these forms, but there is a form for most all transactions, if needed. For committees desiring to keep all

records in an electronic format, the Campaign Finance Office of the State Board of Elections has developed electronic software to keep these records and complete the required disclosure reports. This software is discussed in the next section.

If you decide to use the paper forms, the following list contains the forms that could be used by your committee. These forms can be found on our website at www.sboe.state.nc.us. Some of the forms in our system are specific to certain types of committees. Political Party Committees should only submit from the list provided below:

CRO-2100C	Statement of Organization-Party Committee
CRO-2110	Statement of Organization Addendum
CRO-2120	Additional Committee Funds
CRO-3200	Certification of Inactive Status
CRO-3300	Certification to Return to Active Status
CRO-3400	Certification to Close Committee
CRO-3500	Certification of Financial Account Number Information
CRO-3600	Certification of Threshold
CRO-3700	Certification of Incorporated Political Committee
CRO-1000	Disclosure Report Cover
CRO-1010	Disclosure Report Cover Addendum
CRO-1100	Detailed Summary
CRO-1205	Aggregated Contributions from Individuals
CRO-1210	Contributions from Individuals
CRO-1220	Contributions from Political Party Committees
CRO-1230	Contributions from Other Political Committees
CRO-1240	Refunds and Reimbursements to the Committee
CRO-1250	Other Receipt Sources
CRO-1260	Goods and Services (including Fundraisers)
CRO-1310	Disbursements
CRO-1320	Refunds and Reimbursements from the Committee
CRO-1330	Non-Monetary Gifts Given to Other Committees
CRO-1410	Loan Proceeds
CRO-1420	Loan Repayments
CRO-1430	Outstanding Loans
CRO-1440	Forgiven Loans
CRO-1510	In-kind Contributions
CRO-1610	Debts and Obligations Owed by the Committee
CRO-1620	Debts and Obligations Owed to the Committee
CRO-1720	Account Transfers Within the Committee
CRO-6100	Loan Proceeds Statement
CRO-6200	Forgiven Loan Statement
CRO-6300	Contribution form a Business Account Statement
CRO-2220	48 Hour Notice

Electronic Filing

Electronic filing is an alternative for all political party committees and a requirement for some political party committees. The Campaign Finance Office of the State Board of Elections has spent the past three years re-designing and upgrading the electronic filing software in an effort to provide committees with improved campaign finance management and disclosure tools. The FREE software includes an audit feature that will identify possible violations and discrepancies before the report is filed. In addition, the software tracks all contributors entered into the system and reports only those contributors required by law to be reported. Software training is available each month at the State Board of Elections office in Raleigh. Regional trainings are being planned for 2006. Dates and locations will be posted on our website at www.sboe.state.nc.us.

State, district, county, or precinct executive committees of a political party that make contributions or independent expenditures that affect contests for statewide office and that cumulatively are in excess of \$5,000 for the election cycle must file electronically with the Campaign Finance Office of the State Board of Elections. Political party committees required to file electronically but failing to do so are subject to penalties.

For more information on filing disclosure reports electronically, please contact our office at 919-733-7173 or visit our website.

Contributions

Contributions are anything of value that support or oppose the nomination or election of one or more clearly identified candidates. Contributions may be monetary or non-monetary. Loans, pledges, gifts, proceeds or sales of services, in-kind transfers, use of any supplies, office machinery, vehicles, aircraft, office space or related services, goods, or personal or real property are all contributions. All contributions are subject to the regulations of the North Carolina General Statutes.

It is important to be extremely familiar with the limitations and prohibitions on contributions. The following information is for political party committees.

Limitations

- National, State, district and county executive committees of NC recognized parties
These political party committees are not subject to the four thousand dollar (\$4,000) per election contribution limitation that other political committees and subordinate political party committees face. In fact, National, State, district and county executive committees of political parties recognized under NCGS § 163-96 have no contribution limitations. A contributor may give any amount to these political party committees and the political party committee may give any amount to any other North Carolina political committee with the exception of state judicial appellate candidate committees (candidates for NC Court of Appeals or NC Supreme Court). Political party executive committees are limited to contributing only \$1,000 per election to these committees.
- Subordinate political party committees (such as County Republican Men's Club or County Young Democrats) and those not recognized by NCGS §163-96
These committees may not accept and a contributor may not give more than four thousand dollars (\$4,000) per election. Therefore, if there is a primary and a general election, the "Committee" may receive four thousand dollars (\$4,000) through the day of the primary and four thousand dollars (\$4,000) from the day after the primary through the general election. If there is a second primary in which the "Committee" is involved (contributing), the "Committee" would be entitled to receive an additional four thousand dollars (\$4,000) from the day after the primary through the day of the second primary. If the "Committee is not contributing to candidates involved in a second primary, the "Committee" would not be entitled to the additional four thousand dollars (\$4,000).

Prohibitions

It is unlawful for any corporation, business entity, labor union, professional association, or insurance company to directly or indirectly contribute to any political party committee. Political committees not registered with North Carolina are also prohibited from contributing to political party committees. Registered referendum committees that received any contribution from a corporation, labor union, insurance company, business entity, or professional association may not contribute to a political party committee.

Reporting Contributions

All contributions must be reported. If the political party committee has certified to remain under the three thousand (\$3,000) threshold, all contributions must be documented and maintained internally. Upon the request of the Campaign Finance Office of the State Board of Elections, these documents would be required to be produced by the committee. Committees not filing under the threshold are required to report all contributions. All contributors contributing over \$100 for the election cycle must be reported with the name of the contributor, the address and occupational information. Contributions received from an individual that is a resident of North Carolina and has not exceeded \$100 over the course of the election cycle does not require the reporting of the name, address or occupational information of the individual. During the course of the election cycle, if the individual contributes aggregately over \$100, the individual would be required to be listed on the next required report and all contributions made by that individual would be required to be listed as well. For example, if John Doe contributes \$20 on January 5, 2006, \$30 on May 1, 2006, \$30 on July 4, 2006, and \$30 on August 10, 2006, it would not be until the August 10, 2006 contribution that the individual's name would be required to be reported. Up until August 10, 2006, all the previous contributions would have been reported, but not with the name of the contributor. This contributor would be listed on the *Aggregated Contributions from Individuals* form (**CRO-1205**). The next report required after August 10, 2006 would contain an entry for John Doe on the *Contributions from Individuals* form (**CRO-1210**). It would list all four contributions. There would also be a box to indicate that the first three contributions have already been reported previously without the name of the contributor. A contribution of any amount from a non-resident of North Carolina would require reporting the name, address, and occupational information.

Contributions received at a fundraiser from the sale of items such as dinner tickets, t-shirts, buttons, or hotdogs would also require disclosure. For the contributors that have not exceeded the \$100, their contributions may be listed on the *Goods and Services* form (**CRO-1260**). Follow the directions of this form in order to provide all information needed for compliance.

In-kind contributions are reported as any other contribution. The contributor should provide the "Committee" with a statement setting forth the fair market value of the in-kind contribution. The contribution is reported on the appropriate form (*Contributions from Individuals* (**CRO-1210**) or *Contributions from Political Party Committees* (**CRO-1220**) or *Contributions from Other Political Committees* (**CRO-1230**) or *Other Receipt Sources* (**CRO-1250**)) and also on the *In-Kind Contributions* form

(CRO-1510). The reporting on the *In-Kind Contributions* form (CRO-1510) serves to balance the account. Since the in-kind contribution is not actually monetary, when it is reported as a receipt it inflates the balance of the account. The *In-Kind Contribution* form balance is recorded in the expenditure portion of the reporting. Therefore, the amount of the receipt is subtracted from the total, balancing the account and providing accurate disclosure as to the amount of money in the account.

Expenditures

There are very few restrictions on how a committee may spend their money. However, all expenditures must be reported, along with the specific purpose of the expenditure. The limitations on expenditures exist mainly in contributing to other political committees. National, State, district, and county executive committees of political parties recognized by NCGS § 163-96 have no limitations on how much they can contribute to other political committees with the exception of state judicial appellate candidate committees where they may only contribute \$1,000 per election. Subordinate political party committees and those not recognized under NCGS § 163-96 must adhere to the four thousand dollar (\$4,000) contribution limitation when contributing to other political committees. **Note:** Subordinate political party committees may only contribute \$1,000 per election to state judicial appellate candidate committees.

All expenditures must be reported. Any expenditure that is made for media purposes must be paid by check and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure and the specific purpose of the expenditure. In addition, the amount this payee has been paid over the course of the election cycle must also be reported. All expenditures that are over \$50 may not be paid with cash and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure, and the specific purpose of the expenditure. Election cycle totals for the payee must also be included. Expenditures for non-media purposes that are less than \$50 may be shown as an aggregate amount and may be made in cash. The name of the payee is not required to be disclosed. However, the date of the expenditure, the specific amount of each expenditure, and the purpose of each expenditure must be included. Any expenditure for postage may be paid in cash in any amount.

If a committee has something of value that is not monetary and they make an in-kind contribution to another entity, the committee must

reflect this expenditure on the *Non-Monetary Gifts Given to Other Committees* form (**CRO-1330**). This amount is not included in any totals on the summary sheet, but is contained in the informational section of the *Detailed Summary* form (**CRO-1100**).

Committee treasurers should keep receipts for all expenditures on file. This is not a requirement, but can be helpful during audits.

Loans

Political Party Committees may receive loans from individuals and other entities allowed to make contributions. Loans are contributions and are subject to the same limitations as contributions. If a Political Party Committee receives a loan there is specific paperwork that must be completed. The treasurer of the Political Party Committee must have the “lender” complete and sign the *Loan Proceeds Statement* (**CRO-6100**). This statement requires the “lender” to provide the name of the lending institution and all guarantors responsible for the loan. National, State, district, and county executive committees of political parties recognized by NCGS § 163-96 can receive loans in any amount from qualified contributors. They may also make loans to political committees other than state judicial appellate candidate committees in any amount. Subordinate political party committees and political party committees not recognized by NCGS §163-96 may only receive and make loans not to exceed four thousand dollars (\$4,000) for the election. If the “lender” has previously made a contribution, the loan amount totaled with the previous contribution may not exceed four thousand dollars (\$4,000) for that election. Any guarantor on the loan may not make any contribution that totaled with the amount of the loan they have guaranteed would exceed four thousand dollars (\$4,000). **Note:** Subordinate political party committees may only loan \$1,000 per election to state judicial appellate candidate committees.

A loan may only be forgiven if the lending institution has been paid in full for the amount of the loan and no other entity is owed for the loan. A “lender” wishing to forgive the loan would need to complete the *Forgiven Loan Statement* (**CRO-6200**). If a Political Party Committee has a loan that has not been repaid or forgiven, the “Committee” may not close until the entire amount of the loan has been satisfied.

Debts and Obligations

All committees must document all debts and obligations owed by the “Committee” and those debts and obligations owed to the “Committee”. If a “Committee” receives a good or service for which they did not pay for at the time, the date the good is received and/or the service rendered would be reflected as the date of the debt on the *Debts and Obligations Owed by the Committee* form (**CRO-1610**). Failure to provide this information is a failure to provide disclosure. The definition of expenditure includes a pledge, contract, promise or other obligation to make an expenditure. Therefore, the date of such pledge, contract, or promise is the date that should be reflected on the *Debts and Obligations Owed by the Committee* form.

A “Committee” may not close until all debts and obligations have been paid by the “Committee”. Any debt or obligation that is not paid would be considered a contribution to the “Committee”. Contributions over the limitation and from prohibited contributors would result in violations by the “Committee”.

Threshold Requirements

Political Party Committees have the option of being exempt from the reporting requirements if they certify that during the entire election cycle they will neither raise nor spend more than three thousand dollars (\$3,000). This certification is made on the *Certification of Threshold* form (**CRO-3600**). After this certification has been filed, the Political Party Committee is not required to file disclosure reports. However, the Political Party Committee is required to keep detailed records of all contributions and expenditures and to produce such records upon request of the Campaign Finance Office of the State Board of Elections.

Political Party Committees that make the certification and exceed the three thousand dollar (\$3,000) limitation during the election cycle, must immediately file an amended *Certification of Threshold* form (**CRO-3600**). In addition, all contributions and expenditures from the origination date of the “Committee” through the end of the current reporting period must be reported on the next required disclosure report. Filing under the threshold only exempts the Political Party Committee from reporting requirements, not requirements to keep internal records of all “Committee” transactions.

Notices of Reports Due

All registered Political Party Committees that have not filed under the three thousand dollar (\$3,000) threshold will receive notices for all reports due. These notices will generally be included with the newsletter publication of the Campaign Finance Office. All notices are sent to the current treasurer of record. Political Party Committees that change treasurers without notifying the appropriate Board of Elections office may not receive notices of reports being due. In addition, failure to provide notification of a treasurer change is a violation of disclosure law.

The Campaign Finance Office of the State Board of Elections maintains email addresses of all treasurers wishing to receive email notification of report notices. Committees wishing to be added to this list should contact the Campaign Finance Office of the State Board of Elections.

Reports to be Certified/Filed Timely

All disclosure reports must be certified by the treasurer as true and accurate. No longer are disclosure reports required to be notarized. An original signature below the certification statement contained on the *Disclosure Report Cover Sheet (CRO-1000)* serves as certification that the report being submitted is true and accurate as filed.

Disclosure reports are considered filed timely if they are hand delivered by the due date of the report or postmarked by the due date of the report. Disclosure reports must be filed at the appropriate Board of Elections office. Failure to do so could result in penalties for late filings. If a report only bears a meter mark, the date the report is received in the appropriate Board of Elections office will be the date filed. If that date is after the due date, the report will be considered late. All reports not postmarked on or before the due date or not received by the appropriate Board of Elections office on or before the due date will be considered late and assessed penalties for late filing.

The Campaign Finance Office of the State Board of Elections **strongly encourages** treasurers to send all disclosure reports by certified mail. In the event a postmark is not legible or a report is lost in the mail, the certified mail receipt will serve as proof of timely filing.

Civil Penalties

Political Party Committees may receive penalties for late filed reports. A Political Party Committee's report that does not affect a statewide election would be penalized at \$50 per day not to exceed \$500. A report is considered to affect a statewide election if the "Committee" made any contributions to or in support of a statewide candidate or received any contributions from a statewide candidate. If the Political Party Committee did file a report that affected a statewide election, the "Committee" would be penalized at a rate of \$250 per day not to exceed \$10,000. In calculating penalties, only days the office is open are counted toward the penalty amount.

Failure to pay assessed penalties could result in the "Committee" having their active status terminated. Once the status of the "Committee" is terminated, the "Committee" is not eligible to receive contributions or make expenditures.

Inactive Status

Political Party Committees that do not desire to disburse all funds and close their "Committee", but also do not intend on receiving any contributions or making any expenditures for a period of time, may file a *Certification of Inactive Status* form (**CRO-3200**). By filing this form, the "Committee" certifies that they will remain inactive (not receiving any contributions or making any expenditures) until a *Certification to Return to Active Status* form (**CRO-3300**) is filed. During the time the "Committee" is Inactive, disclosure reports are not required to be filed. If at some point the "Committee" intends on receiving contributions or making expenditures, the *Certification to Return to Active Status* form should be completed and all subsequent disclosure reports should be filed.

Closing the Committee

Political Party Committees that wish to close their committee may do so at any time during the election cycle. In order to close the committee, all funds in the bank account must be disbursed. If the Political Party Committee filed under the \$3,000 threshold, the only other documentation required would be the *Certification to Close Committee* form (**CRO-3400**). If the Political Party Committee did not file under the

\$3,000 threshold, a “Final Report” will be required in addition to the *Certification to Close Committee* form (**CRO-3400**). The “Final Report” reflects all activities starting with the first day not covered on the last report and ending on the day the last disbursement is made or if the decision to close the committee occurred after the last disbursement, the date of the decision would be the end of the reporting period.

After the required paperwork has been filed by the Committee with the appropriate board of elections office, the treasurer will consider the Committee “tentatively closed” until a letter has been sent by the Campaign Finance Office of the State Board of Elections stating that a “Final Audit” has been conducted and the Committee is considered “Closed”. The treasurer should maintain all records for two years after the conclusion of the election cycle.

Party Committees

Reporting Schedule

This schedule is for all Party Committees registered with the State Board of Elections.

- | | |
|--------------------------------|---|
| • Within 10 days | Organizational Report |
| • July 29, 2005 | 2005 Mid Year Semi-Annual Report <ul style="list-style-type: none">• <i>Required from all registered committees and elected officials</i>• <i>Covers from January 1 through June 30, 2005</i> |
| • January 27, 2006 | 2005 Year End Semi-Annual Report <ul style="list-style-type: none">• <i>Required from all registered committees and elected officials</i>• <i>Covers from July 1 through December 31, 2005</i> |
| • April 24, 2006 | 2006 First Quarter Plus Report <ul style="list-style-type: none">• <i>The first quarter plus 17 days preceding primary elections</i>• <i>Required from all registered committees actively participating in the 2006 elections</i>• <i>Covers from last report through April 15</i> |
| • April 16- May 2, 2006 | 48 Hour Reports <ul style="list-style-type: none">• <i>Required when contributions of \$1,000 or more are received</i>• <i>Due within 48 hours of receiving such a contribution</i> |
| • May 2, 2006 | PRIMARY |

- **July 11, 2006**
 - 2006 Second Quarter Report**
 - *Required from all registered committees actively participating in the 2006 elections*
 - *Covers from last report through June 30*

- **July 28, 2006**
 - 2006 Mid Year Semi-Annual Report**
 - *Required from all registered committees NOT actively participating in the 2006 elections*
 - *Covers from January 1, 2006 through June 30, 2006.*

- **October 30, 2006**
 - 2006 Third Quarter Plus Report**
 - *Third Quarter plus 17 days preceding the general election*
 - *Required from all registered committees actively participating in the 2006 elections*
 - *Covers from last report through October 21*

- **October 22-November 7**
 - 48 Hour Reports**
 - *Required when contributions of \$1,000 or more are received*
 - *Due within 48 hours of receiving such a contribution*

- **November 7, 2006**
 - GENERAL ELECTION**

- **January 10, 2007**
 - 2006 Fourth Quarter Report**
 - *Required from all registered committees who actively participated in the 2006 elections*
 - *Covers from last report through December 31*

- **January 26, 2007**
 - 2006 Year End Semi-Annual Report**
 - *Required from registered committees not participating in the 2006 elections*
 - *Covers from July 1, 2006 through December 31, 2006*

- **July 27, 2007**

2007 Mid Year Semi-Annual Report

- *Required from registered committees not participating in the 2006 elections*
- *Covers from January 1, 2007 through June 30, 2007*

Final Report

- *Filed when all funds are disbursed, loans repaid or forgiven and committee bank account closed*

Where do I file these reports?

All reports should be filed with the Campaign Finance Office of the State Board of Elections at 506 North Harrington Street, Raleigh, NC 27603.

The mailing address is : PO Box 27255
Raleigh, NC 27611-7255

Phone: 919-733-7173

North Carolina Political Parties Financing Fund

Appropriations

After either the primary or nominating convention of a political party is held in a general election year or a presidential general election year, the State chair of the political party may apply to the State Board of Elections for the disbursement of all funds deposited on behalf of that party with the State Treasurer into the North Carolina Political Parties Financing Fund. These funds are the result of taxpayer contributions. In the event that a primary or nominating convention is temporarily postponed for one election year, the State chair may apply for the disbursement after the regular date set for the primary or nominating convention prior to the postponement.

Upon receipt of an application from a State party chair, the State Board of Elections has 30 days from which to disburse to that party all funds currently held by the State Treasurer on that political party's behalf. All payments from this Fund shall cease 30 days after the State Board of Elections has certified all the general election results to the Secretary of State. In addition, upon receipt of the application from the State party chair in a presidential general election year, all funds held in the "Presidential Election Year Candidates Fund" by the State Treasurer for that political party shall be paid over to the State chair. The disbursement of these funds will also cease 30 days after the State Board of Elections has certified all general election results to the Secretary of State. Any remaining funds of that political party held by the State Treasurer at that time will continue to be held by the State Treasurer until again eligible for distribution.

In a year in which there is no general election, the State party chair may apply to the State Board of Elections on or between August 1st and September 1st for payment from the North Carolina Political Parties Financing Fund in an amount not to exceed fifty percent (50%) of the available funds credited to that party's account. The State Board of Elections shall disburse this amount to the State chair and direct the State Treasurer to place fifty percent (50%) of those available funds in a separate interest bearing account to be known as the "Presidential Election Year Candidates Fund of the (name of the party) Party". These funds will be disbursed as indicated above in presidential general election years. Any interest this account earns shall be credited to the party.

Distribution of Campaign Funds by the Party

In a general election year or presidential general election year, the State chair shall disburse fifty percent (50%) of the funds received from the NC Political Party Financing Fund and the other fifty percent (50%) of the funds shall be allocated by the “Fund Special Committee”. This committee is composed of the State Chairman, Treasurer, the Congressional District Chairman, and two persons appointed by the State Chair. The State Chairman will serve as Chairman of the “Fund Special Committee”. The “Fund Special Committee” shall have the sole responsibility of disbursing fifty percent (50%) of the funds received from the NC Political Party Financing Fund. These funds may only be disbursed for one or more purposes (legitimate campaign expenses) as specifically defined in the Article. If funds are allocated to a candidate, the candidate may decline in whole or in part any funds distributed by the party. If any funds are allocated to a candidate, the State Chairman shall disburse the funds only to the Treasurer of that candidate or committee.

Legitimate Expenses Permitted

All funds received by a party from the North Carolina Political Parties Financing Fund or the Presidential Election Year Candidates Fund may only be disbursed for legitimate campaign expenses. In addition, it shall be unlawful for any money to be spent either directly or indirectly for the support or assistance of any candidate in a primary election, selection of a candidate at a political convention or by executive committee of a party, payment or repayment of any debt or other obligation of any kind incurred by any person, candidate or political committee in a primary election, selection of a candidate at a political convention or by executive committee of a party. It is also unlawful for funds to be spent in support, promotion or opposition of a national, State or local referendum, bond election or constitutional amendment.

The following expenses are permitted and are considered legitimate campaign expenses. These are examples of legitimate expenses and are illustrations not limitations:

- Radio, television, newspaper, and billboard advertising for and on behalf of a political party or candidate;
- Leaflets, fliers, buttons, and stickers;

- Campaign staff salaries, provided each staff member is listed by name and by the amount paid as salary and the amount paid as campaign expense reimbursement;
- Travel expenses, lodging, and food for candidate and staff;
 - Expenses to ensure compliance with federal and State campaign finance and reporting laws;
 - Contributions to or expenses on behalf of candidates of that political party;
- Party headquarters operations related to upcoming general elections, including the purchase, maintenance and programming of computers to provide lists of voters, party workers, officers, committee members and participants in party functions, patterns of voting and other data for use in general election campaigns and party activities and functions prior thereto, the establishment and updating computer file systems of voter registration lists, State, district, county and precinct officers and committee member lists, party clubs or organization lists, the organizing of voter registration, fund raising and get-out-the-vote programs at the county level when conducted by State party personnel, and the preparation of reports required to be filed by State and federal laws, and systems needed to prepare the same and keep records incident thereto.

Annual Report to State Board of Elections

The State chair of a party receiving funds from either the NC Political Parties Financing Fund or the Presidential Election Year Candidates Fund must maintain full and complete records of the party's receipts and any and all expenditures and disbursements. These records should include receipts, bank statements, and any other documentation substantiating all financial transactions of the party. These records should be centrally located and shall be readily available at reasonable hours for public inspection.

An Annual Report must be submitted to the Campaign Finance Office of the State Board of Elections by December 31st of a year in which a party receives revenue from either the NC Political Parties Financing Fund or the Presidential Election Year Candidates Fund. This report should be completed on the standard campaign finance reporting forms and in the same manner as other required campaign finance disclosure submissions. In addition, the State chair shall attach a verification that all funds received were expended in accordance with Article 22B of Chapter 163 of the NC General Statutes. If a determination is made by the Executive Director of the State Board of Elections that funds were not expended in accordance with Article 22B, the Executive Director shall

order the political party to reimburse the General Fund of NC for the improper amount expended. No further payments from the Fund(s) will be made to the party until such reimbursement has been made in full. A copy of the order will be sent to the State Treasurer advising them to suspend disbursements from the Fund(s) until the reimbursement has been accomplished.

Political Party Headquarters Building Funds

Allowable Contributions

Those entities prohibited from contributing to political party committees may contribute to the building fund of a political party, if a building fund has been established. The contribution may be monetary or in-kind (other things of value). Such contributions must be deposited in the separate “Building Fund” account.

Specific Use of Building Funds

All donations made to a political party’s building fund must be subject to the following rules: (G.S. 163-278.19B)

- The donations solicited and accepted are designated to the political party headquarters building fund.
- Potential donors to that fund are advised that all donations will be exclusively for the political party headquarters building fund.
- The political party establishes a separate segregated bank account into which shall be deposited only donations for the political party headquarters building fund from persons prohibited from making contributions.
- The donations deposited in the separate segregated bank account for the political party headquarters building fund will be spent only to purchase a headquarters building, to construct a headquarters building, to renovate a headquarters building, to pay a mortgage on a headquarters building, or to repay donors if a headquarters building is not purchased, constructed, or renovated. Donations deposited into that account shall not be used for headquarters rent, utilities, or equipment other than fixtures.

Reports Due

The political party executive committee shall report donations to and spending from the political party headquarters building fund on all reports required by the political party. Even if the political party committee has filed under the threshold and is exempt from reporting, all funds into and from a political party headquarters building fund must be reported on the reporting schedule for political party committees not filing under the threshold. Please refer to the **Party Committee Reporting Schedule** for specific dates. All reports will be submitted to the Campaign Finance Office of the State Board of Elections.

Other Political Committees (PACs)

- **General Requirements**
 - **Appointment of Treasurer**
 - **Organizing the Committee**
 - **Reporting Forms**
 - **Electronic Filing**
 - **Contributions**
 - **Limitations on Fundraising during Legislative Sessions**
 - **Expenditures**
 - **Loans**
 - **Debts and Obligations**
 - **Administrative Support**
 - **Notices of Reports due**
 - **Reports to be Certified/Filed Timely**
 - **Civil Penalties**
 - **Inactive Status**
 - **Closing the Committee**
- **State PACs**
 - **Reporting Schedule**
 - **Where reports are filed**
- **County PACs**
 - **Reporting Schedule**
 - **Where reports are filed**
- **Municipal PACs**
 - **Reporting Schedule**
 - **Where reports are filed**
- **Federal PACs**
 - **Reporting Schedule**
 - **Where reports are filed**

General Requirements

Appointment of Treasurer

All political committees (PACs) must have an appointed treasurer. NCGS § 163-278.7 states that a political committee shall appoint a treasurer and, under verification, report the name and address of the treasurer to the appropriate Board. The appointment of treasurer is made on the *Statement of Organization-Political Action Committee* form (**CRO-2100D**). Political committees (PACs) supporting candidates for statewide office, legislative, judicial offices, district attorney, or candidates in more than one county should file this form with the Campaign Finance Office of the North Carolina State Board of Elections. Political committees (PACs) supporting candidates for office in a single county or municipality should file their form with the county board of elections office for which the candidates are seeking office. The *Statement of Organization-Political Action Committee* form (**CRO-2100D**) is the **only** form that can be used by a political committee (PAC) to officially change the treasurer. The treasurer listed on the last filed *Statement of Organization-Political Action Committee* form will be the treasurer of record and is considered responsible for the compliance of the “Committee”. Political committees (PACs) often change treasurers. It is extremely important for the “Committee” to complete the amended *Statement of Organization-Political Action Committee* form within 10 days of the change of treasurer. Failure to do so could result in late report penalties.

An individual appointed as treasurer has several vital responsibilities. This individual must maintain all financial records of the “Committee”. These records should document every transaction of the “Committee”, including all documentation supporting all contributions and expenditures. In addition, the treasurer is responsible for the timely filing of all required reports. Failure to file reports in a timely manner results in penalties incurred by the “Committee”. Further, the treasurer is responsible for the accuracy of the reports and with compliance of the campaign finance laws. Treasurer workshops are offered monthly by the Campaign Finance Office of the State Board of Elections. Each appointed treasurer should attend at least one session per year in order to have training on the most recent changes in the law.

Organizing the Committee

A group or combination of two or more individuals that has a major purpose to support or oppose a candidate, candidates or candidates of clearly identified political party is a political committee (PAC). In order for political committees (PACs) to support or oppose candidates in North Carolina, they must first register with the appropriate board of elections office. For political committees (PACs) supporting or opposing candidates within a single county or municipality, organization would take place at the county board of elections office. For political committees (PACs) supporting or opposing (1) candidates for statewide office, or (2) candidates in more than one county, or (3) a candidate in a district that has more than one county, organization would take place at the Campaign Finance Office of the State Board of Elections.

The appointment of the treasurer is the first step, along with the completion of the *Statement of Organization-Political Action Committee* form (**CRO-2100D**), *Certification of Financial Account Number Information* form (**CRO-3500**) and the **Organizational Report**. Every political committee must complete these two forms and the **Organizational Report** within 10 days of receiving or spending any money in order to support or oppose candidates. A political committee (PAC) must have a unique name, meaning there are no other active or inactive committees registered in North Carolina with the same name. The Campaign Finance Office of the State Board of Elections or the county board of elections office can assist you with assuring your committee name is unique.

After completing the *Statement of Organization-Political Action Committee* and the *Certification of Financial Account Number Information* forms, an **Organizational Report** must be completed. The **Organizational Report** is the first required disclosure report for political committees (PACs). The contents of the **Organizational Report** would include any contributions received or expenditures made in order to support or oppose candidates. The **Organizational Report** must include the *Disclosure Report Cover* form (**CRO-1000**) and the *Detailed Summary* form (**CRO-1100**). If contributions have been received or expenditures made, additional forms containing those transactions would be included with this report. A helpful hint to remember when completing disclosure reports using our paper forms is that the *Detailed Summary* form (**CRO-1100**) is your roadmap. If you list a dollar amount on any line of that form, you will need to complete the form that is listed beside the dollar amount. If you use our electronic software, this process is even more simplified. Once these steps have been taken, the committee is ready to begin.

Reporting Forms

Disclosure reports are required by all PACs. These reports can either be filed on paper or electronically. Federal PACs only file on the NC Federal Filing Forms. The NC Federal PAC Filing forms are in bold type in the following list. There are 56 forms in our paper disclosure filing system. Most committees will use less than 10 of these forms, but there is a form for most all transactions, if needed. For committees desiring to keep all records in an electronic format, the Campaign Finance Office of the State Board of Elections has developed electronic software to keep these records and complete the required disclosure reports. This software is discussed in the next section.

If you decide to use the paper forms, the following list contains the forms that could be used by your committee. These forms can be found on our website at www.sboe.state.nc.us. Some of the forms in our system are specific to certain types of committees. PACs should only submit from the list provided below and Federal PACs only from the forms in bold type:

CRO-2100D	Statement of Organization-Political Action Committee
CRO-2110	Statement of Organization Addendum
CRO-2120	Additional Committee Funds
CRO-3200	Certification of Inactive Status
CRO-3300	Certification to Return to Active Status
CRO-3400	Certification to Close Committee
CRO-3500	Certification of Financial Account Number Information
CRO-3700	Certification of Incorporated Political Committee
CRO-1000	Disclosure Report Cover
CRO-1010	Disclosure Report Cover Addendum
CRO-1100	Detailed Summary
CRO-1205	Aggregated Contributions from Individuals
CRO-1210	Contributions from Individuals
CRO-1220	Contributions from Political Party Committees
CRO-1230	Contributions from Other Political Committees
CRO-1240	Refunds and Reimbursements to the Committee
CRO-1250	Other Receipt Sources
CRO-1260	Goods and Services (including Fundraisers)
CRO-1310	Disbursements
CRO-1320	Refunds and Reimbursements from the Committee
CRO-1330	Non-Monetary Gifts Given to Other Committees
CRO-1410	Loan Proceeds
CRO-1420	Loan Repayments
CRO-1430	Outstanding Loans
CRO-1440	Forgiven Loans
CRO-1510	In-kind Contributions
CRO-1610	Debts and Obligations Owed by the Committee
CRO-1620	Debts and Obligations Owed to the Committee

CRO-1710	Administrative Support (<i>only for PACs with a parent entity</i>)
CRO-1720	Account Transfers Within the Committee
CRO-6100	Loan Proceeds Statement
CRO-6200	Forgiven Loan Statement
CRO-6300	Contribution form a Business Account Statement
CRO-2220	48 Hour Notice

NC Federal PAC Filing Forms

CRO-4000	Federal PAC Statement of Organization
CRO-4010	Federal PAC Statement of Organization Addendum
CRO-4100	Federal PAC NC Disclosure Report Cover
CRO-4110	Federal PAC NC Disclosure Report Cover Addendum
CRO-4200	Federal PAC Report of Contributions to NC Political Committees

Electronic Filing

Electronic filing is an alternative for all political committees (PACs), including NC Federal PACs and a requirement for some political committees (PACs), including NC Federal PACs. The Campaign Finance Office of the State Board of Elections has spent the past three years designing and upgrading the electronic filing software in an effort to provide committees with improved campaign finance management and disclosure tools. The FREE software includes an audit feature that will identify possible violations and discrepancies before the report is filed. In addition, the software tracks all contributors entered into the system and reports only those contributors required by law to be reported. Software training is available each month at the State Board of Elections office in Raleigh. Regional trainings are being planned for 2006. Dates and locations will be posted on our website at www.sboe.state.nc.us.

A political committee (PAC) that makes contributions or independent expenditures that affect contests for statewide office and that cumulatively are in excess of \$5,000 for the election cycle must file electronically with the Campaign Finance Office of the State Board of Elections. Political committees (PACs) required to file electronically but failing to do so are subject to penalties.

For more information on filing disclosure reports electronically, please contact our office at 919-733-7173 or visit our website.

Contributions

Contributions are anything of value that support or oppose the nomination or election of one or more clearly identified candidates or candidates of a clearly identified political party. Contributions may be monetary or non-monetary. Loans, pledges, gifts, proceeds or sales of services, in-kind transfers, use of any supplies, office machinery, vehicles, aircraft, office space or related services, goods, or personal or real property are all contributions. All contributions are subject to the regulations of the North Carolina General Statutes.

It is important to be extremely familiar with the limitations and prohibitions on contributions. The following information is for all PACs.

Limitations

A PAC may not accept and a contributor may not give more than four thousand dollars (\$4,000) per election. Therefore, if there is a primary and a general election, the candidate may receive four thousand dollars (\$4,000) through the day of the primary and four thousand dollars (\$4,000) from the day after the primary through the general election. If the PAC is involved (contributing) in a second primary, the PAC would be entitled to receive an additional four thousand dollars (\$4,000) from the day after the primary through the day of the second primary. If the PAC is not involved (contributing) in the second primary, they would not be entitled to the additional four thousand dollars (\$4,000).

Prohibitions

It is unlawful for any corporation, business entity, labor union, professional association, or insurance company to directly or indirectly contribute to a PAC. Political committees not registered with North Carolina are also prohibited from contributing. Registered referendum committees that received any contribution from a corporation, labor union, insurance company, business entity, or professional association may not contribute to a PAC.

Reporting Contributions

PACs are required to report all contributions. All contributors contributing over \$100 for the election cycle must be reported with the name of the contributor, the address and occupational information. Contributions received from an individual that is a resident of North Carolina and has not exceeded \$100 over the course of the election cycle do not require the reporting of the name, address or occupational information of the individual. During the course of the election cycle, if the individual contributes aggregately over \$100, the individual would be required to be listed on the next required report and all contributions

made by that individual would be required to be listed as well. For example, if John Doe contributes \$20 on January 5, 2006, \$30 on May 1, 2006, \$30 on July 4, 2006, and \$30 on August 10, 2006, it would not be until the August 10, 2006 contribution that the individual's name would be required to be reported. Up until August 10, 2006, all the previous contributions would have been reported, but not with the name of the contributor. This contributor would be listed on the *Aggregated Contributions from Individuals* form (**CRO-1205**). The next report required after August 10, 2006 would contain an entry for John Doe on the *Contributions from Individuals* form (**CRO-1210**). It would list all four contributions. There would also be a box to indicate that the first three contributions have already been reported previously without the name of the contributor. A contribution of any amount from a non-resident of North Carolina would require reporting the name, address, and occupational information.

Contributions received at a fundraiser from the sale of items such as dinner tickets, t-shirts, buttons, or hotdogs would also require disclosure. For the contributors that have not exceeded the \$100, their contributions may be listed on the *Goods and Services* form (**CRO-1260**). Follow the directions of this form in order to provide all information needed for compliance.

In-kind contributions are reported as any other contribution. The contributor should provide the "Committee" with a statement setting forth the fair market value of the in-kind contribution. The contribution is reported on the appropriate form (*Contributions from Individuals* (**CRO-1210**) or *Contributions from Political Party Committees* (**CRO-1220**) or *Contributions from Other Political Committees* (**CRO-1230**) or *Other Receipt Sources* (**CRO-1250**)) and also on the *In-Kind Contributions* form (**CRO-1510**). The reporting on the *In-Kind Contributions* form (CRO-1510) serves to balance the account. Since the in-kind contribution is not actually monetary, when it is reported as a receipt it inflates the balance of the account. The *In-Kind Contribution* form balance is recorded in the expenditure portion of the reporting. Therefore, the amount of the receipt is subtracted from the total, balancing the account and providing accurate disclosure as to the amount of money in the account.

Limitations on Fund-raising during Legislative Sessions

While the General Assembly is in “regular session” there are certain fund-raising limitations that must be observed. The following information is a summary of NCGS § 163-278.13B and pertinent advisory opinions on this subject by the Executive Director of the State Board of Elections.

- A NC registered lobbyist, that lobbyist’s agent, that lobbyist’s principal, or a political committee that employs or contracts with or whose parent entity employs or contracts with a NC registered lobbyist (“limited contributor”) may not contribute to a member or candidate for the General Assembly or member or candidate for the Council of State (“limited contributee”) while the General Assembly is in “regular session.” A “regular session” of the General Assembly is defined as the date set by law or resolution that the General Assembly convenes until the General Assembly adjourns sine die or recesses or adjourns for more than 10 days.
- A “limited contributee” may not solicit from a “limited contributor” any contribution to be made to a “limited contributee” or any other candidate, officeholder, or political committee.
- A “limited contributee” may not solicit a third party to directly or indirectly solicit a contribution from a “limited contributor” **or** have the third party relay to the “limited contributor” the solicitation of the “limited contributee”.
- No “limited contributor” shall make or offer to make a contribution to a “limited contributee”.
- No “limited contributor” shall make a contribution to any candidate, officeholder, or political committee and direct or request that contribution to be made to a “limited contributee.”
- No “limited contributor” shall transfer anything of value to any entity and direct that entity to use what was transferred as a contribution to a “limited contributee.”
- No “limited contributee” or the real or purported agent of a “limited contributee” prohibited from solicitation shall accept a contribution from a “limited contributor.”
- No “limited contributor” shall solicit a contribution from any individual or political committee on behalf of a “limited contributee.” This does not apply to a “limited contributor” soliciting a contribution on behalf of a political party executive committee if the solicitation is solely for a separate segregated fund kept by the political party limited to use for activities that are not candidate-specific, including generic voter registration and get-out-

the-vote efforts, pollings, mailings, and other general activities and advertising that do not refer to a specific individual candidate.

- ❖ A contribution is “**made**” during regular session if the check or other instrument is dated during the session, or if the check or other instrument is delivered to the “limited contribute” during session, or if the “limited contributor” pledges during the session to deliver the check or other instrument at a later time.
- ❖ A contribution is “**accepted**” during regular session if the check or other instrument is dated during the session, or if the “limited contributee” receives the check or other instrument during session and does not return it within 10 days.
- ❖ A violation of these limitations is a Class 2 misdemeanor.
- ❖ The exception to these limitations is that the limitations on fund-raising do not apply to a “limited contributee” during the three weeks prior to a second primary where the “limited contributee” will be a candidate on the ballot.

Expenditures

There are very few restrictions on how a committee may spend their money. However, all expenditures must be reported, along with the specific purpose of the expenditure. The limitations on expenditures exist mainly in contributing to other political committees. Unless the political committee is a political party committee exempt from the contribution limitations, a PAC would be limited to contributing four thousand dollars (\$4,000) per election. **Note:** PACs may only contribute \$1,000 per election to state judicial appellate candidate committees. State judicial appellate candidates participating in public financing have greater limitations. See the *Candidate's Guide* for more information.

All expenditures must be reported. Any expenditure that is made for media purposes must be paid by check and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure and the specific purpose of the expenditure. In addition, the amount this payee has been paid over the course of the election cycle must also be reported. All expenditures that are over \$50 may not be paid with cash and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure, and the specific purpose of the expenditure. Election cycle totals for the payee must also be included. Expenditures for non-media purposes that are less than \$50 may be shown as an aggregate amount and may be made in cash. The name of the payee is not required to be disclosed. However, the date of the

expenditure, the specific amount of each expenditure, and the purpose of each expenditure must be included. Any expenditure for postage may be paid in cash in any amount.

If a committee has something of value that is not monetary and they make an in-kind contribution to another entity, the committee must reflect this expenditure on the *Non-Monetary Gifts Given to Other Committees* form (**CRO-1330**). This amount is not included in any totals on the summary sheet, but is contained in the informational section of the *Detailed Summary* form (**CRO-1100**).

Committee treasurers should keep receipts for all expenditures on file. This is not a requirement, but can be helpful during audits.

Loans

PACs may receive loans from individuals and other entities allowed to make contributions. Loans are contributions and are subject to the same limitations as contributions. If a PAC receives a loan there is specific paperwork that must be completed. The treasurer of the PAC must have the “lender” complete and sign the *Loan Proceeds Statement* (**CRO-6100**). This statement requires the “lender” to provide the name of the lending institution and all guarantors responsible for the loan. The loan amount must not exceed four thousand dollars (\$4,000). If the “lender” has previously made a contribution, the loan amount totaled with the previous contribution may not exceed four thousand dollars (\$4,000) for that election. Any guarantor on the loan may not make any contribution that totaled with the amount of the loan they have guaranteed would exceed four thousand dollars (\$4,000). **Note:** PACs may only loan \$1,000 per election to state judicial appellate candidate committees. State judicial appellate candidates participating in public financing have greater limitations. See the *Candidate’s Guide* for more information.

A loan may only be forgiven if the lending institution has been paid in full for the amount of the loan and no other entity is owed for the loan. A “lender” wishing to forgive the loan would need to complete the *Forgiven Loan Statement* (**CRO-6200**). If a PAC has a loan that has not been repaid or forgiven, the “Committee” may not close until the entire amount of the loan has been satisfied.

Debts and Obligations

All committees must document all debts and obligations owed by the “Committee” and those debts and obligations owed to the “Committee”. If a “Committee” receives a good or service for which they did not pay for at the time, the date the good is received and/or the service rendered would be reflected as the date of the debt on the *Debts and Obligations Owed by the Committee* form (**CRO-1610**). Failure to provide this information is a failure to provide disclosure. The definition of expenditure includes a pledge, contract, promise or other obligation to make an expenditure. Therefore, the date of such pledge, contract, or promise is the date that should be reflected on the *Debts and Obligations Owed by the Committee* form.

A “Committee” may not close until all debts and obligations have been paid by the “Committee”. Any debt or obligation that is not paid would be considered a contribution to the “Committee”. Contributions over the limitation and from prohibited contributors would result in violations by the “Committee”.

Administrative Support

PACs that are registered in North Carolina and designate on the *Statement of Organization-Political Action Committee* (**CRO-2100D**) that they were organized by a parent entity which is a corporation, business entity, labor union, professional association, or insurance company may receive reasonable administrative support from the parent entity. Such reasonable support may include, but is not specifically limited to, record keeping, office space, office supplies, computer services, record keeping, computer services, billings, mailings to members of the committee, and such other support that is necessary for the administration of the “Committee”. Administrative support **would not** include contributions or expenditures made in support or opposition of candidates.

The parent entity shall provide in writing the approximate cost of all administrative support given to the PAC. The PAC is required to report such administrative support on a semi-annual basis. The *Administrative Support* form (**CRO-1710**) is due the last Friday in July, covering the period from January 1 through June 30, and on the last Friday in January, covering the period from July 1 through December 31.

Notices of Reports Due

All PACs that are registered in North Carolina will receive notices for all reports due. These notices will generally be included with the newsletter publication of the Campaign Finance Office. All notices are sent to the current treasurer of record. PACs that change treasurers without notifying the appropriate Board of Elections office may not receive notices of reports being due. In addition, failure to provide notification of a treasurer change is a violation of disclosure law.

The Campaign Finance Office of the State Board of Elections maintains email addresses of all treasurers wishing to receive email notification of report notices. Committees wishing to be added to this list should contact the Campaign Finance Office of the State Board of Elections.

Reports to be Certified/Filed Timely

All disclosure reports must be certified by the treasurer as true and accurate. No longer are disclosure reports required to be notarized. An original signature below the certification statement contained on the *Disclosure Report Cover Sheet (CRO-1000)* serves as certification that the report being submitted is true and accurate as filed.

Disclosure reports are considered filed timely if they are hand delivered by the due date of the report or postmarked by the due date of the report. Disclosure reports must be filed at the appropriate Board of Elections office. Failure to do so could result in penalties for late filings. If a report only bears a meter mark, the date the report is received in the appropriate Board of Elections office will be the date filed. If that date is after the due date, the report will be considered late. All reports not postmarked on or before the due date or not received by the appropriate Board of Elections office on or before the due date will be considered late and assessed penalties for late filing.

The Campaign Finance Office of the State Board of Elections **strongly encourages** treasurers to send all disclosure reports by certified mail. In the event a postmark is not legible or a report is lost in the mail, the certified mail receipt will serve as proof of timely filing.

Civil Penalties

PACs may receive penalties for late filed reports. A PAC's report that does not affect a statewide election would be penalized at \$50 per day not to exceed \$500. A report is considered to affect a statewide election if the "Committee" made any contributions to or in support of a statewide candidate or received any contributions from a statewide candidate. If the PAC did file a report that affected a statewide election, the "Committee" would be penalized at a rate of \$250 per day not to exceed \$10,000. In calculating penalties, only days the office is open are counted toward the penalty amount.

Failure to pay assessed penalties could result in the "Committee" having their active status terminated. Once the status of the "Committee" is terminated, the "Committee" is not eligible to receive contributions or make expenditures.

Inactive Status

PACs that do not desire to disburse all funds and close their "Committee", but also do not intend on receiving any contributions or making any expenditures for a period of time, may file a *Certification of Inactive Status* form (**CRO-3200**). By filing this form, the "Committee" certifies that they will remain inactive (not receiving any contributions or making any expenditures) until a *Certification to Return to Active Status* form (**CRO-3300**) is filed. During the time the "Committee" is Inactive, disclosure reports are not required to be filed. If at some point the "Committee" intends on receiving contributions or making expenditures, the *Certification to Return to Active Status* form should be completed and all subsequent disclosure reports should be filed.

Closing the Committee

Political Committees (PACs) that wish to close their committee may do so at any time during the election cycle. In order to close the committee, all funds in the bank account must be disbursed and a "Final Report" will be required to be filed in addition to the *Certification to Close Committee* form (**CRO-3400**). The "Final Report" reflects all activities starting with the first day not covered on the last report and ending on the day the last disbursement is made or if the decision to close the committee occurred

after the last disbursement, the date of the decision would be the end of the reporting period.

After the required paperwork has been filed by the Committee with the appropriate board of elections office, the treasurer will consider the Committee “tentatively closed” until a letter has been sent by the Campaign Finance Office of the State Board of Elections stating that a “Final Audit” has been conducted and the Committee is considered “Closed”. The treasurer should maintain all records for two years after the conclusion of the election cycle.

NC State PACs

Reporting Schedule

This schedule is for all PACs registered with the State Board of Elections.

- | | |
|--------------------------------|---|
| • Within 10 days | Organizational Report |
| • July 29, 2005 | 2005 Mid Year Semi-Annual Report <ul style="list-style-type: none">• <i>Required from all registered committees and elected officials</i>• <i>Covers from January 1 through June 30, 2005</i> |
| • January 27, 2006 | 2005 Year End Semi-Annual Report <ul style="list-style-type: none">• <i>Required from all registered committees and elected officials</i>• <i>Covers from July 1 through December 31, 2005</i> |
| • April 24, 2006 | 2006 First Quarter Plus Report <ul style="list-style-type: none">• <i>The first quarter plus 17 days preceding primary elections</i>• <i>Required from all registered committees actively participating in the 2006 elections</i>• <i>Covers from last report through April 15</i> |
| • April 16- May 2, 2006 | 48 Hour Reports <ul style="list-style-type: none">• <i>Required when contributions of \$1,000 or more are received</i>• <i>Due within 48 hours of receiving such a contribution</i> |
| • May 2, 2006 | PRIMARY |

- **July 11, 2006**
 - 2006 Second Quarter Report**
 - *Required from all registered committees actively participating in the 2006 elections*
 - *Covers from last report through June 30*

- **July 28, 2006**
 - 2006 Mid Year Semi-Annual Report**
 - *Required from all registered committees NOT actively participating in the 2006 elections*
 - *Covers from January 1, 2006 through June 30, 2006.*

- **October 30, 2006**
 - 2006 Third Quarter Plus Report**
 - *Third Quarter plus 17 days preceding the general election*
 - *Required from all registered committees actively participating in the 2006 elections*
 - *Covers from last report through October 21*

- **October 22-November 7**
 - 48 Hour Reports**
 - *Required when contributions of \$1,000 or more are received*
 - *Due within 48 hours of receiving such a contribution*

- **November 7, 2006**
 - GENERAL ELECTION**

- **January 10, 2007**
 - 2006 Fourth Quarter Report**
 - *Required from all registered committees who actively participated in the 2006 elections*
 - *Covers from last report through December 31*

- **January 26, 2007**
 - 2006 Year End Semi-Annual Report**
 - *Required from registered committees not participating in the 2006 elections*
 - *Covers from July 1, 2006 through December 31, 2006*

- **July 27, 2007**

2007 Mid Year Semi-Annual Report

- *Required from registered committees not participating in the 2006 elections*
- *Covers from January 1, 2007 through June 30, 2007*

Final Report

- *Filed when all funds are disbursed, loans repaid or forgiven and committee bank account closed*

Where do I file these reports?

All reports should be filed with the Campaign Finance Office of the State Board of Elections at 506 North Harrington Street, Raleigh, NC 27603.

The mailing address is : PO Box 27255
Raleigh, NC 27611-7255

Phone: 919-733-7173

County PACS

Reporting Schedule

This schedule is for all PACs registered with a county board of elections office.

- **Within 10 days**

Organizational Report

- **July 29, 2005**

2005 Mid Year Semi-Annual Report

- *Required from all registered committees and elected officials*
- *Covers from January 1 through June 30, 2005*

- **January 27, 2006**

2005 Year End Semi-Annual Report

- *Required from all registered committees and elected officials*
- *Covers from July 1 through December 31, 2005*

- **April 24, 2006**

2006 First Quarter Plus Report

- *The first quarter plus 17 days preceding primary elections*
- *Required from all registered committees actively participating in the 2006 elections*
- *Covers from last report through April 15*

- **April 16- May 2, 2006**

48 Hour Reports

- *Required when contributions of \$1,000 or more are received*
- *Due within 48 hours of receiving such a contribution*

- **May 2, 2006**

PRIMARY

- **July 11, 2006**
 - 2006 Second Quarter Report**
 - *Required from all registered committees actively participating in the 2006 elections*
 - *Covers from last report through June 30*

- **July 28, 2006**
 - 2006 Mid Year Semi-Annual Report**
 - *Required from all registered committees NOT actively participating in the 2006 elections*
 - *Covers from January 1, 2006 through June 30, 2006.*

- **October 30, 2006**
 - 2006 Third Quarter Plus Report**
 - *Third Quarter plus 17 days preceding the general election*
 - *Required from all registered committees actively participating in the 2006 elections*
 - *Covers from last report through October 21*

- **October 22-November 7**
 - 48 Hour Reports**
 - *Required when contributions of \$1,000 or more are received*
 - *Due within 48 hours of receiving such a contribution*

- **November 7, 2006**
 - GENERAL ELECTION**

- **January 10, 2007**
 - 2006 Fourth Quarter Report**
 - *Required from all registered committees who actively participated in the 2006 elections*
 - *Covers from last report through December 31*

- **January 26, 2007**
 - 2006 Year End Semi-Annual Report**
 - *Required from registered committees not participating in the 2006 elections*
 - *Covers from July 1, 2006 through December 31, 2006*

- **July 27, 2007**

2007 Mid Year Semi-Annual Report

- *Required from registered committees not participating in the 2006 elections*
- *Covers from January 1, 2007 through June 30, 2007*

Final Report

- *Filed when all funds are disbursed, loans repaid or forgiven and committee bank account closed*

Where do I file these reports?

All reports should be filed with the county board of elections office in which the pac is registered.

Refer to our website at www.sboe.state.nc.us for the addresses of all county board of election offices.

Municipal PACs

Reporting Schedule

The following four schedules are for PACs participating in municipal elections. **Please refer to the schedule that reflects the type of election conducted for the municipality in which the PAC is participating.**

Any municipal PACs with an active committee must file the following reports in addition to any listed under the specific type of election for their municipality:

- **July 28, 2006** **2006 Mid-Year Semi Annual Report**
 - *Required from all registered committees not participating in the 2006 elections.*
 - *Covers from January 1, 2006 through June 30, 2006.*
- **January 26, 2007** **2006 Year-End Semi Annual Report**
 - *Required from registered committees not participating in the 2006 elections*
 - *Covers from July 1, 2006 through December 31, 2006.*

Type 1- Nonpartisan Plurality

- **Within 10 days** **Organizational Report**
- **October 2, 2007** **Thirty-five day Report**
 - *Required from all registered committees participating in the nonpartisan plurality election.*
 - *Covers from last report through September 25, 2007*
- **October 29, 2007** **Pre-Election Report**
 - *Due 10 days before the election*
 - *Required from all registered committees actively participating in the current year elections*

- *Covers from last report through October 22, 2007*

- **November 6, 2007**

ELECTION DAY

Final Report

- *Filed when all funds are disbursed, loans repaid or forgiven and committee bank account closed*

Type 2-Partisan with Primary

- **August 21, 2007**

Thirty-five day Report

- *Required from all registered committees participating in the nonpartisan plurality election.*
- *Covers from last report through August 14, 2007*

- **September 17, 2007**

Pre-Primary Report

- *Due 10 days before the primary.*
- *Required from all registered committees actively participating in the current year elections*
- *Covers from August 15, 2007 through September 10, 2007*

- **September 25, 2007**

PRIMARY

- **October 8, 2007**

Second Primary Report

- *Due 10 days before the second primary.*
- *Required from all registered committees supporting or opposing candidates on the ballot for the second primary*
- *Covers from September 11, 2007 through October 1, 2007*

- **October 16, 2007**

SECOND PRIMARY (if needed)

- **October 29, 2007**

Pre-Election Report

- *Due 10 days before the election.*
- *Required from all registered committees actively participating in the current year elections.*
- *Covers from last report through October 22, 2007.*

- **November 6, 2007**

ELECTION DAY

Final Report

- *Filed when all funds are disbursed, loans repaid or forgiven and committee bank account closed*

Type 3-Nonpartisan with Primary

- **September 4, 2007**

Thirty-five day Report

- *Required from all registered committees supporting or opposing candidates on the ballot for the Primary*
- *Covers from last report through August 28, 2007.*

- **October 2, 2007**

Thirty-five day Report

- *Required from all registered committees not supporting or opposing candidates in the Primary but actively participating in the current year elections*
- *Covers from last report through September 25, 2007.*

- **October 1, 2007**

Pre-Primary Report

- *Due 10 days before the primary.*
- *Required from all registered committees supporting or opposing candidates on the ballot for the Primary*
- *Covers from last report through September 24, 2007.*

- **October 9, 2007**

PRIMARY

- **October 29, 2007**

Pre-Election Report

- *Due 10 days before the election.*
- *Required from all registered committees actively participating in the current year elections.*
- *Covers from last report through October 22, 2007.*

- **November 6, 2007**

ELECTION DAY

Final Report

- *Filed when all funds are disbursed, loans repaid or forgiven and committee bank account closed*

Type 4-Nonpartisan with Runoff

- **September 4, 2007**

Thirty-five day Report

- *Required from all registered committees actively participating in the current year elections.*
- *Covers from last report through August 28, 2007.*

- **October 1, 2007**

Pre-Election Report

- *Due 10 days before the election.*
- *Required from all registered committees actively participating in the current year elections.*
- *Covers from August 29, 2007 through September 24, 2007.*

- **October 9, 2007**

ELECTION DAY

- **October 29, 2007**

Pre-Runoff Report

- *Due 10 days before the runoff.*
- *Required from all registered committees supporting or opposing candidates on the ballot in the runoff.*
- *Covers from September 25, 2007 through October 22, 2007.*

- **November 6, 2007**

RUNOFF (if needed)

Final Report

- *Filed when all funds are disbursed, loans repaid or forgiven and committee bank account closed*

Where do I file these reports?

All reports should be filed with the local board of elections office.

Refer to our website (www.sboe.state.nc.us) for the address of all county board of elections offices.

NC Federal PACs

Reporting Schedule

This schedule is for all PACs registered with the State Board of Elections.

- | | |
|--|---|
| <ul style="list-style-type: none">• Within 10 days | Organizational Report |
| <ul style="list-style-type: none">• July 29, 2005 | 2005 Mid Year Semi-Annual Report <ul style="list-style-type: none">• <i>Required from all registered committees and elected officials</i>• <i>Covers from January 1 through June 30, 2005</i> |
| <ul style="list-style-type: none">• January 27, 2006 | 2005 Year End Semi-Annual Report <ul style="list-style-type: none">• <i>Required from all registered committees and elected officials</i>• <i>Covers from July 1 through December 31, 2005</i> |
| <ul style="list-style-type: none">• April 24, 2006 | 2006 First Quarter Plus Report <ul style="list-style-type: none">• <i>The first quarter plus 17 days preceding primary elections</i>• <i>Required from all registered committees actively participating in the 2006 elections</i>• <i>Covers from last report through April 15</i> |
| <ul style="list-style-type: none">• April 16- May 2, 2006 | 48 Hour Reports <ul style="list-style-type: none">• <i>Required when contributions of \$1,000 or more are received</i>• <i>Due within 48 hours of receiving such a contribution</i> |
| <ul style="list-style-type: none">• May 2, 2006 | PRIMARY |

- **July 11, 2006**
 - 2006 Second Quarter Report**
 - *Required from all registered committees actively participating in the 2006 elections*
 - *Covers from last report through June 30*

- **July 28, 2006**
 - 2006 Mid Year Semi-Annual Report**
 - *Required from all registered committees NOT actively participating in the 2006 elections*
 - *Covers from January 1, 2006 through June 30, 2006.*

- **October 30, 2006**
 - 2006 Third Quarter Plus Report**
 - *Third Quarter plus 17 days preceding the general election*
 - *Required from all registered committees actively participating in the 2006 elections*
 - *Covers from last report through October 21*

- **October 22-November 7**
 - 48 Hour Reports**
 - *Required when contributions of \$1,000 or more are received*
 - *Due within 48 hours of receiving such a contribution*

- **November 7, 2006**
 - GENERAL ELECTION**

- **January 10, 2007**
 - 2006 Fourth Quarter Report**
 - *Required from all registered committees who actively participated in the 2006 elections*
 - *Covers from last report through December 31*

- **January 26, 2007**
 - 2006 Year End Semi-Annual Report**
 - *Required from registered committees not participating in the 2006 elections*
 - *Covers from July 1, 2006 through December 31, 2006*

- **July 27, 2007**

2007 Mid Year Semi-Annual Report

- *Required from registered committees not participating in the 2006 elections*
- *Covers from January 1, 2007 through June 30, 2007*

Final Report

- *Filed when all funds are disbursed, loans repaid or forgiven and committee bank account closed*

Where do I file these reports?

All reports should be filed with the Campaign Finance Office of the State Board of Elections at 506 North Harrington Street, Raleigh, NC 27603.

The mailing address is : PO Box 27255
Raleigh, NC 27611-7255

Phone: 919-733-7173

Referendum Committees

- **General Requirements**
 - **Appointment of Treasurer**
 - **Organizing the Committee**
 - **Reporting Forms**
 - **Electronic Filing**
 - **Contributions**
 - **Expenditures**
 - **Loans**
 - **Debts and Obligations**
 - **Notices of Reports due**
 - **Reports to be Certified/Filed Timely**
 - **Civil Penalties**
 - **Closing the Committee**
- **State Referendum Committees**
 - **Reporting Schedule**
 - **Where reports are filed**
- **County/Municipal Referendum Committees**
 - **Reporting Schedule**
 - **Where reports are filed**

General Requirements

Appointment of Treasurer

All referendum committees must have an appointed treasurer. NCGS § 163-278.7 states that a referendum committee shall appoint a treasurer and, under verification, report the name and address of the treasurer to the appropriate Board. The appointment of treasurer is made on the *Statement of Organization-Referendum Committee* form (**CRO-2100E**). Referendum committees established in support or opposition of a statewide ballot issue or a ballot issue for multiple counties should file this form with the Campaign Finance Office of the North Carolina State Board of Elections. Referendum committees established in support or opposition of a single county or municipality ballot issue should file their form with the county board of elections office for which the referendum is on the ballot. The *Statement of Organization-Referendum Committee* form (**CRO-2100E**) is the **only** form that can be used by a referendum committee to officially change the treasurer. The treasurer listed on the last filed *Statement of Organization-Referendum Committee* form will be the treasurer of record and is considered responsible for the compliance of the “Committee”. If at any time the referendum committee changes treasurers it is extremely important for the “Committee” to complete the amended *Statement of Organization-Referendum Committee* form within 10 days of the change of treasurer. Failure to do so could result in late report penalties.

An individual appointed as treasurer has several vital responsibilities. This individual must maintain all financial records of the “Committee”. These records should document every transaction of the “Committee”, including all documentation supporting all contributions and expenditures. In addition, the treasurer is responsible for the timely filing of all required reports. Failure to file reports in a timely manner results in penalties incurred by the “Committee”. Further, the treasurer is responsible for the accuracy of the reports and with compliance of the campaign finance laws. Treasurer workshops are offered monthly by the Campaign Finance Office of the State Board of Elections. Each appointed treasurer should attend at least one session per year in order to have training on the most recent changes in the law.

Organizing the Committee

A group or combination of two or more individuals that has a major purpose to support or oppose the passage of any referendum on the ballot is a referendum committee. In order for referendum committees to support or oppose the passage of a ballot issue in North Carolina, they must first register with the appropriate board of elections office. For referendum committees supporting or opposing the passage of a ballot issue within a single county or municipality, organization would take place at the county board of elections office. For referendum committees supporting or opposing the passage of a statewide or multiple county ballot issue, organization would take place at the Campaign Finance Office of the State Board of Elections.

The appointment of the treasurer is the first step, along with the completion of the *Statement of Organization-Referendum Committee* form (**CRO-2100E**), *Certification of Financial Account Number Information* form (**CRO-3500**) and the **Organizational Report**. Every referendum committee must complete these two forms and the **Organizational Report** within 10 days of receiving or spending any money in order to support or oppose a ballot issue. A referendum committee must have a unique name, meaning there are no other active or inactive committees registered in North Carolina with the same name. The Campaign Finance Office of the State Board of Elections or the county board of elections office can assist you with assuring your committee name is unique.

After completing the *Statement of Organization-Referendum Committee* and the *Certification of Financial Account Number Information* forms, an **Organizational Report** must be completed. The **Organizational Report** is the first required disclosure report for referendum committees. The contents of the **Organizational Report** would include any contributions received or expenditures made in order to support or oppose the passage of a ballot issue. The **Organizational Report** must include the *Disclosure Report Cover* form (**CRO-1000**) and the *Detailed Summary* form (**CRO-1100**). If contributions have been received or expenditures made, additional forms containing those transactions would be included with this report. A helpful hint to remember when completing disclosure reports using our paper forms is that the *Detailed Summary* form (**CRO-1100**) is your roadmap. If you list a dollar amount on any line of that form, you will need to complete the form that is listed beside the dollar amount. If you use our electronic software, this process is even more simplified. Once these steps have been taken, the committee is ready to begin.

Reporting Forms

Disclosure reports are required from all referendum committees. These reports can either be filed on paper or electronically. There are 56 forms in our paper disclosure filing system. Most committees will use less than 10 of these forms, but there is a form for most all transactions, if needed. For committees desiring to keep all records in an electronic format, the Campaign Finance Office of the State Board of Elections has developed electronic software to keep these records and complete the required disclosure reports. This software is discussed in the next section.

If you decide to use the paper forms, the following list contains the forms that could be used by your committee. These forms may be found on our website at www.sboe.state.nc.us. Some of the forms in our system are specific to certain types of committees. Referendum Committees should only submit from the list provided below:

CRO-2100E	Statement of Organization-Referendum Committee
CRO-2110	Statement of Organization Addendum
CRO-2120	Additional Committee Funds
CRO-3200	Certification of Inactive Status
CRO-3300	Certification to Return to Active Status
CRO-3400	Certification to Close Committee
CRO-3500	Certification of Financial Account Number Information
CRO-1000	Disclosure Report Cover
CRO-1010	Disclosure Report Cover Addendum
CRO-1100	Detailed Summary
CRO-1205	Aggregated Contributions from Individuals
CRO-1210	Contributions from Individuals
CRO-1220	Contributions from Political Party Committees
CRO-1230	Contributions from Other Political Committees
CRO-1240	Refunds and Reimbursements to the Committee
CRO-1250	Other Receipt Sources
CRO-1260	Goods and Services (including Fundraisers)
CRO-1310	Disbursements
CRO-1320	Refunds and Reimbursements from the Committee
CRO-1330	Non-Monetary Gifts Given to Other Committees
CRO-1410	Loan Proceeds
CRO-1420	Loan Repayments
CRO-1430	Outstanding Loans
CRO-1440	Forgiven Loans
CRO-1510	In-kind Contributions
CRO-1610	Debts and Obligations Owed by the Committee
CRO-1620	Debts and Obligations Owed to the Committee
CRO-1720	Account Transfers Within the Committee
CRO-6100	Loan Proceeds Statement
CRO-6200	Forgiven Loan Statement
CRO-2220	48 Hour Notice

Electronic Filing

Electronic filing is an alternative for all referendum committees. The Campaign Finance Office of the State Board of Elections has spent the past three years re-designing and upgrading the electronic filing software in an effort to provide committees with improved campaign finance management and disclosure tools. The FREE software includes an audit feature that will identify possible violations and discrepancies before the report is filed. In addition, the software tracks all contributors entered into the system and reports only those contributors required by law to be reported. Software training is available each month at the State Board of Elections office in Raleigh. Regional trainings are being planned for 2006. Dates and locations will be posted on our website at www.sboe.state.nc.us.

For more information on filing disclosure reports electronically, please contact our office at 919-733-7173 or visit our website.

Contributions

Contributions are anything of value that support or oppose the nomination or election of one or more clearly identified candidates or support or oppose the passage of any referendum on the ballot. Contributions may be monetary or non-monetary. Loans, pledges, gifts, proceeds or sales of services, in-kind transfers, use of any supplies, office machinery, vehicles, aircraft, office space or related services, goods, or personal or real property are all contributions. All contributions are subject to the regulations of the North Carolina General Statutes.

It is important to be extremely familiar with the limitations and prohibitions on contributions. The following information is for all referendum committees.

Limitations

There are no contribution limitations on referendum committees. Individuals and other entities may contribute in any amount and the referendum committee may receive contributions in any amount.

Prohibitions

It is **lawful** for any corporation, business entity, labor union, professional association, or insurance company to directly or indirectly contribute to a referendum committee. However, political committees not registered with North Carolina are prohibited from contributing to referendum committees. Registered referendum committees that receive any contribution from a corporation, labor union, insurance company, business entity, or professional association may not contribute to any other political committee.

Reporting Contributions

Referendum committees are required to report all contributions. All contributors contributing over \$100 for the election cycle must be reported with the name of the contributor, the address and occupational information. Contributions received from an individual that is a resident of North Carolina and has not exceeded \$100 over the course of the election cycle does not require the reporting of the name, address or occupational information of the individual. During the course of the election cycle, if the individual contributes aggregately over \$100, the individual would be required to be listed on the next required report and all contributions made by that individual would be required to be listed as well. For example, if John Doe contributes \$20 on January 5, 2006, \$30 on May 1, 2006, \$30 on July 4, 2006, and \$30 on August 10, 2006, it would not be until the August 10, 2006 contribution that the individual's name would be required to be reported. Up until August 10, 2006, all the previous contributions would have been reported, but not with the name of the contributor. This contributor would be listed on the *Aggregated Contributions from Individuals* form (**CRO-1205**). The next report required after August 10, 2006 would contain an entry for John Doe on the *Contributions from Individuals* form (**CRO-1210**). It would list all four contributions. There would also be a box to indicate that the first three contributions have already been reported previously without the name of the contributor. A contribution of any amount from a non-resident of North Carolina would require reporting the name, address, and occupational information.

Contributions received at a fundraiser from the sale of items such as dinner tickets, t-shirts, buttons, or hotdogs would also require disclosure. For the contributors that have not exceeded the \$100, their contributions may be listed on the *Goods and Services* form (**CRO-1260**). Follow the directions of this form in order to provide all information needed for compliance.

In-kind contributions are reported as any other contribution. The contributor should provide the "Committee" with a statement setting forth the fair market value of the in-kind contribution. The contribution

is reported on the appropriate form (*Contributions from Individuals* (**CRO-1210**) or *Contributions from Political Party Committees* (**CRO-1220**) or *Contributions from Other Political Committees* (**CRO-1230**) or *Other Receipt Sources* (**CRO-1250**)) and also on the *In-Kind Contributions* form (**CRO-1510**). The reporting on the *In-Kind Contributions* form (CRO-1510) serves to balance the account. Since the in-kind contribution is not actually monetary, when it is reported as a receipt it inflates the balance of the account. The *In-Kind Contribution* form balance is recorded in the expenditure portion of the reporting. Therefore, the amount of the receipt is subtracted from the total, balancing the account and providing accurate disclosure as to the amount of money in the account.

Expenditures

There are very few restrictions on how a committee may spend their money. However, all expenditures must be reported, along with the specific purpose of the expenditure. If a referendum committee has received contributions from any corporation, business entity, labor union, professional association or insurance company they may not make a contribution to any other political committee.

All expenditures must be reported. Any expenditure that is made for media purposes must be paid by check and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure and the specific purpose of the expenditure. In addition, the amount this payee has been paid over the course of the election cycle must also be reported. All expenditures that are over \$50 may not be paid with cash and must be disclosed with the name of the payee, the address of the payee, the date of the expenditure, and the specific purpose of the expenditure. Election cycle totals for the payee must also be included. Expenditures for non-media purposes that are less than \$50 may be shown as an aggregate amount and may be made in cash. The name of the payee is not required to be disclosed. However, the date of the expenditure, the specific amount of each expenditure, and the purpose of each expenditure must be included. Any expenditure for postage may be paid in cash in any amount.

If a committee has something of value that is not monetary and they make an in-kind contribution to another entity, the committee must reflect this expenditure on the *Non-Monetary Gifts Given to Other Committees* form (**CRO-1330**). This amount is not included in any totals on the summary sheet, but is contained in the informational section of the *Detailed Summary* form (**CRO-1100**).

Committee treasurers should keep receipts for all expenditures on file. This is not a requirement, but can be helpful during audits.

Loans

Referendum Committees may receive loans from individuals and other entities. Loans are contributions and are subject to the same disclosure requirements as contributions. If a Referendum Committee receives a loan there is specific paperwork that must be completed. The treasurer of the Referendum Committee must have the “lender” complete and sign the *Loan Proceeds Statement (CRO-6100)*. This statement requires the “lender” to provide the name of the lending institution and all guarantors responsible for the loan.

A loan may only be forgiven if the lending institution has been paid in full for the amount of the loan and no other entity is owed for the loan. A “lender” wishing to forgive the loan would need to complete the *Forgiven Loan Statement (CRO-6200)*. If a Referendum Committee has a loan that has not been repaid or forgiven, the “Committee” may not close until the entire amount of the loan has been satisfied.

Debts and Obligations

All committees must document all debts and obligations owed by the “Committee” and those debts and obligations owed to the “Committee”. If a “Committee” receives a good or service for which they did not pay for at the time, the date the good is received and/or the service rendered would be reflected as the date of the debt on the *Debts and Obligations Owed by the Committee* form (**CRO-1610**). Failure to provide this information is a failure to provide disclosure. The definition of expenditure includes a pledge, contract, promise or other obligation to make an expenditure. Therefore, the date of such pledge, contract, or promise is the date that should be reflected on the *Debts and Obligations Owed by the Committee* form.

A “Committee” may not close until all debts and obligations have been paid by the “Committee”. Any debt or obligation that is not paid would be considered a contribution to the “Committee”. Contributions over the limitation and from prohibited contributors would result in violations by the “Committee”.

Notices of Reports Due

All Referendum Committees that are registered in North Carolina will receive notices for all reports due. These notices will generally be included with the newsletter publication of the Campaign Finance Office. All notices are sent to the current treasurer of record. Referendum Committees that change treasurers without notifying the appropriate Board of Elections office may not receive notices of reports being due. In addition, failure to provide notification of a treasurer change is a violation of disclosure law.

The Campaign Finance Office of the State Board of Elections maintains email addresses of all treasurers wishing to receive email notification of report notices. Committees wishing to be added to this list should contact the Campaign Finance Office of the State Board of Elections.

Reports to be Certified/Filed Timely

All disclosure reports must be certified by the treasurer as true and accurate. No longer are disclosure reports required to be notarized. An original signature below the certification statement contained on the *Disclosure Report Cover Sheet (CRO-1000)* serves as certification that the report being submitted is true and accurate as filed.

Disclosure reports are considered filed timely if they are hand delivered by the due date of the report or postmarked by the due date of the report. Disclosure reports must be filed at the appropriate Board of Elections office. Failure to do so could result in penalties for late filings. If a report only bears a meter mark, the date the report is received in the appropriate Board of Elections office will be the date filed. If that date is after the due date, the report will be considered late. All reports not postmarked on or before the due date or not received by the appropriate Board of Elections office on or before the due date will be considered late and assessed penalties for late filing.

The Campaign Finance Office of the State Board of Elections **strongly encourages** treasurers to send all disclosure reports by certified mail. In the event a postmark is not legible or a report is lost in the mail, the certified mail receipt will serve as proof of timely filing.

Civil Penalties

Referendum Committees may receive penalties for late filed reports. A Referendum Committee's report that does not affect a statewide election would be penalized at \$50 per day not to exceed \$500. A report is considered to affect a statewide election if the "Committee" made any contributions to or in support of a statewide ballot issue or received any contributions from a statewide candidate or other political committee. If the Referendum Committee did file a report that affected a statewide election, the "Committee" would be penalized at a rate of \$250 per day not to exceed \$10,000. In calculating penalties, only days the office is open are counted toward the penalty amount.

Failure to pay assessed penalties could result in the "Committee" having their active status terminated. Once the status of the "Committee" is terminated, the "Committee" is not eligible to receive contributions or make expenditures.

Inactive Status

Referendum Committees that do not desire to disburse all funds and close their "Committee", but also do not intend on receiving any contributions or making any expenditures for a period of time, may file a *Certification of Inactive Status* form (**CRO-3200**). By filing this form, the "Committee" certifies that they will remain inactive (not receiving any contributions or making any expenditures) until a *Certification to Return to Active Status* form (**CRO-3300**) is filed. During the time the "Committee" is Inactive, disclosure reports are not required to be filed. If at some point the "Committee" intends on receiving contributions or making expenditures, the *Certification to Return to Active Status* form should be completed and all subsequent disclosure reports should be filed.

Closing the Committee

Referendum Committees that wish to close their committee may do so at any time. In order to close the committee, all funds in the bank account

must be disbursed and a “Final Report” will be required to be filed in addition to the *Certification to Close Committee* form (**CRO-3400**). If the Referendum Committee has funds they need to distribute in order to close the account and Committee and they wish to disburse such funds to another organization, the Treasurer of the Referendum Committee must request in writing from the Executive Director of the State Board of Elections permission to disburse the funds to the desired organization. If the Referendum Committee received any funds from entities not allowed to contribute to other political committees (such as business or corporate entities), a disbursement may not be made to another political committee. The “Final Report” reflects all activities starting with the first day not covered on the last report and ending on the day the last disbursement is made or if the decision to close the committee occurred after the last disbursement, the date of the decision would be the end of the reporting period.

After the required paperwork has been filed by the Committee with the appropriate board of elections office, the treasurer will consider the Committee “tentatively closed” until a letter has been sent by the Campaign Finance Office of the State Board of Elections stating that a “Final Audit” has been conducted and the Committee is considered “Closed”. The treasurer should maintain all records for the next two years.

State Referendum Committees

Reporting Schedule

This schedule is for all referendum committees registered with the State Board of Elections

- **Within 10 days**
- **10 days preceding the Referendum**

Organizational Report

Pre-Referendum Report

- *Required from all registered referendum committees participating in the current referendum.*
- *Covers last report through seven days prior to the report due date.*

- **Due within 48 hours**

48-Hour Reports

- *Required from all registered referendum committees participating in the current referendum that receive a contribution of \$1,000 or more after the Pre-Referendum Report.*
- *Covers the date(s) of the contributions.*

- **10 days after the Referendum**

Final Report

- *Required from all registered referendum committees participating in the current referendum.*

- **January 7th after the Referendum**

Supplemental Final Report

- *Required if the Final Report did not disclose a balance of zero.*
- *Report should cover through December 31 after the Referendum.*

- **January 7th**

Annual Reports

- *Due on this day if a zero balance has not been reported on a prior report.*

Where do I file these reports?

All reports should be filed with the Campaign Finance Office of the State Board of Elections at 506 North Harrington Street, Raleigh, NC 27603.

Mailing address: PO Box 27255
Raleigh, NC 27611-7255

Phone: 919-733-7173

County/Municipal Referendum Committees

Reporting Schedule

This schedule is for all referendum committees registered with a county or municipal board of elections office.

- | | |
|--|--|
| <ul style="list-style-type: none">• Within 10 days | Organizational Report |
| <ul style="list-style-type: none">• 10 days preceding the Referendum | Pre-Referendum Report <ul style="list-style-type: none">• <i>Required from all registered referendum committees participating in the current referendum.</i>• <i>Covers last report through seven days prior to the report due date.</i> |
| <ul style="list-style-type: none">• Due within 48 hours | 48-Hour Reports <ul style="list-style-type: none">• <i>Required from all registered referendum committees participating in the current referendum that receive a contribution of \$1,000 or more after the Pre-Referendum Report.</i>• <i>Covers the date(s) of the contributions.</i> |
| <ul style="list-style-type: none">• 10 days after the Referendum | Final Report <ul style="list-style-type: none">• <i>Required from all registered referendum committees participating in the current referendum.</i> |
| <ul style="list-style-type: none">• January 7th after the Referendum | Supplemental Final Report <ul style="list-style-type: none">• <i>Required if the Final Report did not disclose a balance of zero.</i>• <i>Report should cover through December 31 after the Referendum.</i> |

- **January 7th**

Annual Reports

- *Due on this day if a zero balance has not been reported on a prior report.*

Where do I file these reports?

All reports should be filed with the local board of elections office.

Refer to our website (www.sboe.state.nc.us) for the address of all county board of elections offices.

Media/Advertising

- **Basic Disclosure Print, Radio, TV**
- **Media Examples**
 - **Advertisements that support candidates**
 - **Advertisements that oppose candidates**
 - **Opposing advertisements coordinated with candidate(s)**
- **Expanded Disclosure for Radio and Television**
 - **Media examples**
- **Responsibilities of the Media**
 - **Media Authorization form**

Basic Disclosure Print, Radio, TV

- ❖ Every advertisement appearing in the print media, on television or on radio that constitutes a contribution or expenditure under the Campaign Reporting Act must state who paid for the ad. TV ads require a visual legend.
- ❖ The name that is used in saying who paid for an ad must be the formal name. The name that appears on the statement of organization filed with the Board of Elections when the committee was formed.
- ❖ A sponsor must state whether or not an advertisement is authorized by a candidate if the ad is not paid for by the candidate or the candidate's committee and the ad supports or opposes a candidate. If the advertisement is not authorized by the candidate or the candidate's committee, the sponsor must indicate such.
- ❖ If the sponsor of the advertisement is the candidate the ad supports or that candidate's campaign committee an authorization statement is not required.
- ❖ If an advertisement identifies a candidate the sponsor is opposing the sponsor must also disclose in the advertisement, the name of the candidate who is intended to benefit from the advertisement. This only applies if the sponsor of the advertisement coordinated or consults with the candidate who is intended to benefit.
- ❖ If an advertisement is jointly sponsored, the disclosure statement must name all the sponsors.
- ❖ In a print media advertisement, the height of all disclosure statements must constitute at least 5% of the height of the printed space on the advertisement, provided that the type shall be at least 12 points in size. (This is 12 points in size.) Print advertisements appearing in the newspaper can satisfy this requirement if the disclosure is 28-point type. If the advertisement has more than one page, fold, or face, the statement only has to be on one of them.
- ❖ In a television ad the visual disclosure legend must constitute 32 scan lines in size.
- ❖ In a radio advertisement the disclosure statement shall last at least two seconds.

- ❖ **In television and radio advertisements the candidate must speak the disclosure statement.**
- ❖ The candidate must speak the disclosure statement only when the advertisement mentions the name of, shows the picture of, transmits the voice of, or otherwise refers to an opposing candidate for the same office as the sponsoring candidate.
- ❖ **Political party advertisements must include a disclosure statement spoken by the chair, executive director, or treasurer of the party organization. The same disclosure must be included when the sponsor is a political action committee, individual, or any sponsor.**
- ❖ **Misrepresentation of sponsorship or authorization is a Class 1 misdemeanor.**

No declared candidate for Council of State offices effective January 1 in the election year for those offices shall use or permit the use of State funds for any advertisement or public service announcement in a newspaper, on radio, or on television that contains that declared candidate's name, picture, or voice, except in case of State or national emergency and only if the announcement is reasonably necessary to that candidate's official function. Declared means a public announcement of an intention to run.

Simplified lists of the specific items that both require and do not require a legend and other disclosure are below.

Legend required:

- | | | |
|---|----------------------------------|--------------|
| √ Newspaper ads | √ Periodicals | √ Magazines |
| √ Newspaper Inserts | √ TV ads | √ Billboards |
| √ Airplane streamers | √ Radio ads | √ Pamphlets |
| √ Fliers* | √ Cards* | |
| √ Sound-truck advertising | √ Outdoor advertising facilities | |
| √ Mass mailings (over 500 pieces)* | | |
| √ Portable signs (lighted or non-lighted; some on wheels to be pulled around) | | |

Legend not required:

- x Buttons and bumper stickers
- x Yard signs and window posters (approximately 14 x 22 inches and posters used in stores, on states in yards, etc.)
- x Barn posters (3 x 5 feet, or similarly sized, used on the sides of buildings, on walls, etc., generally at no cost)

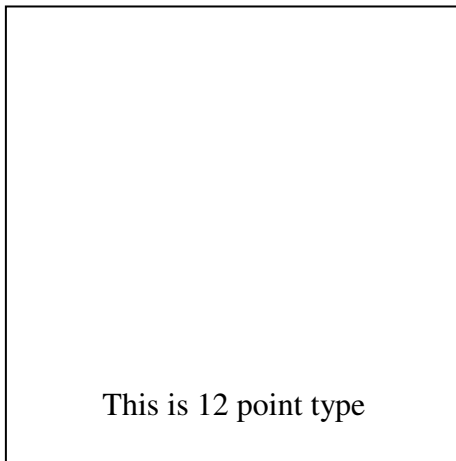
x Campaign paraphernalia such as balloons, shopping bags, nail files, etc., imprinted with a campaign message

***These types of media advertisements are added to those requiring a legend and other additional disclosure for the first time in 2000 Elections. In these now considered media advertisements, the legend and other disclosure is required if the item, the pamphlet, flier, mailing, or card includes support or opposition to clearly identified candidates or the candidates of a clearly identified political party. A card, regardless of the size, that expressly advocates the election or defeat of a candidate must have a legend that is 5% of the height of the card, but no smaller than 12 point type. (This is 12-point type) Refer to N.C.G.S. 163-278.14A to determine advocacy.**

Media Examples

BASIC REQUIREMENT EXAMPLES FOR PRINT MEDIA, OR RADIO, OR TV ADS

Print Media



with 28 point type.

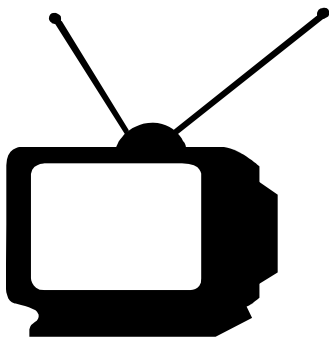
Disclosure must appear only once if more than one page, fold, or face in the ad.

The size of the disclosure statement must be either

- a. 5% of the height of the ad, or
 - b. at least 12 point type;
- whichever is greater.

If print ads appear in the newspaper the Disclosure requirement can be satisfied

Television



Disclosure statement must be 32 scan lines.

Radio



Disclosure statement must last 2 seconds.

ADVERTISEMENTS THAT SUPPORT CANDIDATES

Ads must clearly state whether the ad supports or opposes the candidate named.

Vote for John Smith For Governor

Paid for by Smith for Gov Campaign

Campaign Sponsored Ad

Candidate sponsored ads must have as part of their disclosure statement that it is paid for by the candidate or the candidate's campaign committee as it appears on the Statement of Organization.

Vote for John Smith For Governor

**Paid for by ABC Corp. Good Govt Committee
Authorized by John Smith, candidate for Governor**

PAC or Party Sponsored Ad

PAC or party sponsored ads must have as part of their disclosure statement that:

- a. it is paid for by the political committee or party as the committee's name appears on the Statement of Organization, and
- b. the ad was or was not authorized by the candidate that ad supports ("Authorized by [name of candidate], candidate for [name of office]" or "Not authorized by a candidate").

Vote for John Smith For Governor

**Paid for by Jack Jones
Not authorized by a candidate**

Individual Sponsored Ad

Individual sponsored ads must have as part of their disclosure statement that:

- a. it is paid for by the name of the individual sponsor, and
- b. the ad was or was not authorized by the candidate that ad supports ("Authorized by [name of candidate], candidate for [name of office]" or "Not authorized by a candidate").

Vote for John Smith For Governor

**Paid for by Jack Jones and James Brown
Authorized by John Smith, candidate for Governor**

Joint Sponsored Ad

Joint sponsored ads must have as part of their disclosure statement that:

- a. it is paid for by the names of all the individuals sponsoring the ad, and

- b. the ad was or was not authorized by the candidate that ad supports (“Authorized by [name of candidate], candidate for [name of office]” or “Not authorized by a candidate”).

OPPOSING ADVERTISEMENTS NOT COORDINATED WITH CANDIDATE

Ads must clearly state whether the ad supports or opposes the candidate named.

Don't Vote for John
Smith For Governor

**Paid for by May Jones
for House Campaign
Authorized by Mary
Jones, candidate for
House District 0**

Campaign Sponsored Ad

Candidate sponsored ads must have as part of their disclosure statement that:

- a. it is paid for by the candidate or the candidate's campaign committee as it appears on the Statement of Organization, and
- b. the ad was or was not authorized by the candidate that ad supports (“Authorized by [name of candidate], candidate for [name of office]” or “Not authorized by a candidate”).

Don't Vote for John
Smith For Governor

**Paid for by ABC Corp.
Good Govt Committee
Not authorized by a
candidate**

PAC or Party Sponsored Ad

PAC or party sponsored ads must have as part of their disclosure statement that:

- a. it is paid for by the political committee or party as the committee's name appears on the Statement of Organization, and
- b. the ad was not authorized by the candidate that ad supports (“Not authorized by a candidate”).

Don't Vote for John
Smith For Governor

**Paid for by Jack Jones
Not authorized by a
candidate**

Individual Sponsored Ad

Individual sponsored ads must have as part of their disclosure statement that:

- a. it is paid for by the name of the individual sponsor, and
- b. the ad was not authorized by the candidate that ad supports (“Not authorized by a candidate”).

Vote for John Smith For Governor

Paid for by Jack Jones and James Brown
Not authorized by a candidate

Joint Sponsored Ad

Joint sponsored ads must have as part of their disclosure statement that:

- a. it is paid for by the names of all the individuals sponsoring the ad, and
- b. the ad was not authorized by the candidate that ad supports ("Not authorized by a candidate").

OPPOSING ADVERTISEMENTS COORDINATED WITH CANDIDATE

Ads must clearly state whether the ad supports or opposes the candidate named. If the ad is coordinated with the candidate the ad supports, the ad must identify by name the candidate the ad is intended to support.

Don't Vote for John Smith For Governor
Support Jane Doe

Paid for by Jones for House Campaign
Authorized by Jane Doe, candidate for Governor

Campaign Sponsored Ad

Candidate sponsored ads must have as part of their disclosure statement that it is paid for by the candidate or the candidate's campaign committee as it appears on the Statement of Organization.

Don't Vote for John Smith For Governor
Support Jane Doe

Paid for by ABC Corp. Good Govt Committee
Authorized by Jane Doe, candidate for Governor

PAC or Party Sponsored Ad

PAC or party sponsored ads must have as part of their disclosure statement that:

- a. it is paid for by the political committee or party as the committee's name appears on the Statement of Organization, and
- b. the ad was authorized by the candidate that ad supports ("Authorized by [name of candidate], candidate for [name of office]").

Don't Vote for John Smith For Governor
Support Jane Doe

Paid for by Jack Jones
Authorized by Jane Doe, candidate for Governor

Individual Sponsored Ad

Individual sponsored ads must have as part of their disclosure statement that:

- a. it is paid for by the name of the individual sponsor,

- and
- b. the ad was authorized by the candidate that ad supports ("Authorized by [name of candidate], candidate for [name of office]").

Don't Vote for John
Smith For Governor
Support Jane Doe

Paid for by Jack Jones
and James Brown
Authorized by Jane Doe,
candidate for Governor

Joint Sponsored Ad

Joint sponsored ads must have as part of their disclosure statement that:

- a. it is paid for by the names of all the individuals sponsoring the ad, and
- b. the ad was authorized by the candidate that ad supports ("Authorized by [name of candidate], candidate for [name of office]").

EXPANDED DISCLOSURE FOR RADIO AND TELEVISION

In addition to the basic disclosure requirements, RADIO/TV advertisements must abide by the following requirements.

The candidate must speak the disclosure statement, "I am _____ candidate for _____ office, and I (or my campaign) sponsored this ad." This required only when the advertisement mentions the name of, shows the picture of, transmits the voice of, or otherwise refers to an opposing candidate for the same office as the sponsoring candidate.

Political party advertisements must include a disclosure statement spoken by the chair, executive director, or treasurer of the party organization. "The _____ Party organization sponsored this ad opposing/supporting _____ candidate for _____ office." The party name shall be as it appears on the ballot.

Political action committee advertisements must include a disclosure statement spoken by the chief executive officer or treasurer of the political action committee. "The (name of political action committee) political action committee sponsored this ad opposing/supporting (name of candidate) for (name of office)." The name of the political action committee used in the advertisement shall be the name that appears on the statement of organization.

Advertisements on television purchased by an individual supporting or opposing the nomination or election of one or more clearly identified candidates shall include a disclosure statement spoken by the individual and containing at least the following words: "I am

(individual's name) and I sponsored this advertisement opposing/supporting (name of candidate) for (name of office).

Advertisements on television by another sponsor.

Television advertisements purchased by a sponsor other than a candidate, a candidate campaign committee, a political party organization, a political action committee, or an individual which supports or opposes the nomination of one or more clearly identified candidates shall include a disclosure statement spoken by the chief executive or principal decision maker of the sponsor and containing at least the following words: (Name of sponsor) sponsored this ad.

The television advertisements described above require an unobscured, full-screen picture containing the disclosing individual, either in photographic form or through the actual appearance of the disclosing individual on camera, that is featured throughout the duration of the disclosure statement.

Placement of Disclosure Statement in Television and Radio Advertisements

The disclosure may be at any point during a TV advertisement, except if the duration of the advertisement is more than five minutes, the disclosure statement shall be made both at the beginning and end of the advertisement. The oral disclosure may be provided at the same time as the visual disclosure required by FCC is shown, provided the visual disclosure legend must be at least 32 scan lines in size. For radio ads, the placement of the oral disclosure statement shall comply with FCC requirements.

MEDIA EXAMPLES

EXPANDED REQUIREMENT EXAMPLES FOR TELEVISION OR RADIO

Television

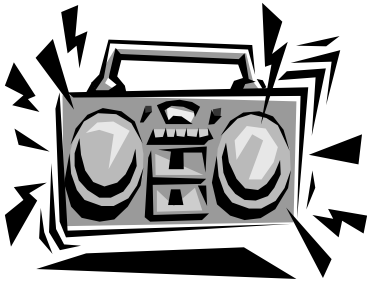


The disclosure statement must be 32 scan lines. The person making the disclosure statement must appear in a full-screen image, using either a photograph or actual appearance. This picture must be seen throughout the disclosure.

A sponsoring candidate must disclose her/his name and office for which she/he is running for any ad paid for by the candidate or the candidate's committee in which an opposing candidate for the same office is mentioned, heard, seen, or otherwise referred to.

A sponsor may place the disclosure statement at anytime during the ad, except if the duration of the ad is more than 5 minutes, the statement shall be made both at the beginning and end of the advertisement. Placement of the visual disclosure must comply with the Communications Act of 1934, 47 U.S.C. §§ 315 and 317.

Radio



Disclosure is verbal and must last at least 2 seconds.

A sponsoring candidate must disclose her/his name and office for which she/he is running for any ad paid for by the candidate or the candidate's committee in which an opposing candidate for the same office is mentioned, heard, seen, or otherwise referred to.

A sponsor may place the disclosure statement at any time during the ad, except if the duration of the ad is more than 5 minutes, the statement shall be made both at the beginning and end of the advertisement. Placement of the oral disclosure must comply with the Communications Act of 1934, 47 U.S.C. §§ 315 and 317.

Responsibilities of the Media

Article 22A of Chapter 163 of the General Statutes, specifically GS § 163-278.17, states that it shall be the responsibility of the media outlet to require written authority for each expenditure from each candidate, treasurer, or other individual authorizing an expenditure. Refer to the definition of “communications media or media” in the Definition section of this manual for those outlets that would be required to obtain this written authority.

Media authorizations obtained by media outlets are considered public records and must be made available to the public for inspection during normal business hours. Failure to comply with this statute is a class 2 misdemeanor.

A sample “Media Authorization Form” is included for use by media outlets. Questions concerning media responsibilities should be directed to the Campaign Finance Office of the State Board of Elections.

DATE _____

AUTHORIZATION FOR POLITICAL ADVERTISING IN ABOVE NEWSPAPER

I, _____, hereby authorize the
publication of advertisement(s) on behalf of the candidacy of
_____, who is seeking the office of
_____.

I further certify that I am authorized to place this advertisement in
accordance with the Campaign Reporting Act of the General Statutes of North
Carolina.

The advertising is for publication on the following date(s):

_____.

Amount paid for advertising in this certification and/or authorization:

_____.

Check Number _____. Account listed as:

_____.

SIGNED _____
(Candidate, treasurer or individual authorizing expenditure)

Title _____

Address _____

City _____ State _____ Zip _____

If agency/public relation firm, please complete the following:

Name of Agency _____

Address _____

City _____ State _____ Zip _____

***A CANDIDATE'S GUIDE
TO***
**THE NORTH CAROLINA PUBLIC
CAMPAIGN FINANCING FUND
PROGRAM**

State of North Carolina

North Carolina State Board of Elections

Campaign Finance Office

North Carolina State Board of Elections
Campaign Finance Office
506 North Harrington Street
Raleigh, NC 27603
919-733-7173

Gary O. Bartlett
Executive Director

Kim Westbrook Strach
Deputy Director

Dear Prospective Candidate:

The following information is provided to assist you in making a decision about participating in the North Carolina Judicial Reform Public Financing Program. The Program was established from the Judicial Reform Act enacted in 2002. The 2006 election for seats on the North Carolina Court of Appeals and the North Carolina Supreme Court will only be the second opportunity to participate in this Program and receive public funds in your pursuit for judicial office.

Regardless of whether you participate in the Program, the Campaign Finance Office staff will be happy to assist you with all your campaign finance questions. All materials for participation in the Program are included in the [*Judicial Reform Public Campaign Financing Program Candidate Packet*](#). If you have any questions or concerns about any of the contents of the material provided, please do not hesitate to contact us.

Overview of the North Carolina Public Campaign Financing Program

The North Carolina General Assembly passed legislation in 2002 to establish a public financing fund for candidates for the North Carolina Court of Appeals and the North Carolina Supreme Court. According to NCGS 163-278.61, the purpose of the Fund “is to ensure the fairness of democratic elections in North Carolina and to protect the constitutional rights of voters and candidates from the detrimental effects of increasingly large amounts of money being raised and spent to influence the outcome of elections, those effects being especially problematic in elections of the judiciary, since impartiality is uniquely important to the integrity and credibility of the courts.” The North Carolina Public Campaign Financing Fund is “an alternative source of campaign financing for candidates who demonstrate public support and voluntarily accept strict fund-raising and spending limits.”

The North Carolina Public Campaign Financing Program is completely voluntary. Therefore, participating candidates may have opponents that are not participating in the Program and are not subject to the same restrictions on fundraising and spending as those candidates participating in the Program. However, the program does have mechanisms in place to assist participating candidates that have opponents that are “outspending” them.

In order to participate in the Program, a candidate for an eligible office must abide by certain regulations prior to qualifying for the Program. In addition, certain criteria must be met during an established “qualifying period” by participating candidates and after a candidate has been “certified”. Additional regulations must be followed throughout the duration of the campaign. All of these regulations are set forth in this guide.

In response to public financing legislation, all candidates for seats on the North Carolina Court of Appeals and the North Carolina Supreme Court are now subject to lower contribution limitations than other candidates. Those candidates participating in the Program are subject to more limitations on both their campaign spending and fundraising.

Another facet of this Program is the establishment of a Voter Guide to registered voters of North Carolina; this sets forth the purpose of the Public Campaign Financing Fund along with an explanation of the functions of appellate courts, the method and laws for the election of appellate judges and information on all candidates for the North Carolina Court of Appeals and North Carolina Supreme Court.

The following pages will provide specific information about the mechanics of the Program, answers to potential questions about various aspects of the Program and other campaign finance laws.

How is the Program funded?

The North Carolina Public Campaign Financing Fund is not funded by the General Fund of North Carolina. In addition to distributions to qualified candidates, all expenses for the implementation, including staff and voter guide production and distribution, are provided only by the Public Campaign Financing Fund. There are six sources that provide revenue to the Fund:

- The **first source** to be deposited into the Fund is the balance of the North Carolina Candidates Financing Fund. This fund is no longer operational.
- The **second source** to be deposited into the Fund will be designations to the Public Campaign Financing Fund by taxpayers. This is achieved through a positive check-off of three dollars on an individual's income tax form.
- The **third source** would be from attorneys making a contribution of \$50 at the time of payment for their privilege license to practice law in North Carolina. This contribution will be mandatory beginning in 2006.
- The **fourth source** would be from Fund revenues that were distributed to candidates but were not spent or committed at the time a candidate is no longer considered a certified candidate for that election.
- The **fifth source** would be from any funds ordered to be returned to the Fund as a result of a violation by a "participating candidate" in the Program.
- The **sixth source** would be from any voluntary donation made directly to the Public Campaign Financing Fund. Any corporation, business entity, labor union, or professional association may voluntarily make a donation of any amount to this Fund.

How is the Fund and Program managed?

In order to provide necessary oversight, the State Board of Elections, along with the advice of a five-member Advisory Council, shall administer the provisions of the North Carolina Public Campaign Financing Fund Program. The Advisory Council will consist of the following:

- **Two members** appointed by the Governor from a list provided by the State Chair of the political party from which the greatest number of registered voters in North Carolina are affiliated;
- **Two members** appointed by the Governor from a list provided by the State Chair of the political party from which the second greatest number of registered voters are affiliated;

- The **fifth member** will be chosen by the State Board of Elections through an unanimous vote. If the State Board of Elections cannot select the fifth member by unanimous vote, then the Advisory Council shall consist of only four members.

Initially, two members of the Advisory Council are appointed for a one-year term, two members are appointed for a two-year term, and one member is appointed for a three-year term. These terms are determined by random lot. Thenceforth, all members will be appointed to serve a four-year term, with no member serving more than two full terms.

The Advisory Council shall elect a Chair to serve at all meetings. If a vacancy should occur during an unexpired term of a member, it shall be filled in the same manner as the original appointment of that member. The term of the vacancy appointment would only be for the time of the unexpired portion of the term.

The Advisory Council's primary function is to advise the State Board of Elections on the rules, procedures and opinions adopted for administration and enforcement of the Program. The State Board of Elections will also be advised of funding needs of the Program by the Advisory Council.

The Appeals Process

The Executive Director for the State Board of Elections and the State Board of Elections both play roles in the appeals process with matters concerning the Program. The following illustrates the process by which each appeal will be addressed:

<p>Step 1: All initial decisions about qualification, certification, or distribution of funds will be made by the Executive Director of the State Board of Elections</p>	<p>Step 2: If an aggrieved individual or entity wishes to appeal the decision of the Executive Director, he shall within three business days of the decision submit in writing an appeal stating the reasons for such appeal to the full State Board of Elections.</p>
<p>Step 3: Within five business days after an appeal is properly made, and after due notice is given to the parties, the Board shall hold a hearing. The appellant has the burden of providing evidence that the decision of the Executive Director was improper.</p>	<p>Step 4: The State Board of Elections shall rule on the appeal within three business days after the completion of the hearing.</p>

Other Duties of the State Board of Elections and Advisory Council

State Board of Elections

- Adopt rules and issue opinions to ensure effective administration of the Program. Examples of rules and opinions may include, but are not limited to, procedures for:
 1. Obtaining qualifying contributions
 2. Certification of candidates
 3. Addressing circumstances involving special elections
 4. Vacancies
 5. Recounts
 6. Withdrawals
 7. Replacements
 8. Collection of revenues for the Fund
 9. Distribution of Fund revenue to certified candidates
 10. Return of Unspent Fund disbursements
 11. Other compliance issues with Article 22D of Chapter 163 of the North Carolina General Statutes
 12. Distribution of rescue funds

Each of these duties must be fulfilled in consultation with the [Advisory Council](#).

Advisory Council

- Shall issue a report by March 1, 2005, and every two years thereafter, evaluating the implementation of the Article and making recommendations about expanding the provisions to other candidates for State office. These recommendations should be based upon the experiences of the Fund and the experiences of similar states implementing similar programs.
- Evaluate and make recommendations on how to address activities that may undermine the purpose of the Program and the Article.

Mechanics of the Program

Definitions of Key Terms (as taken from GS 163-278.62)

- **Board**- The State Board of Elections
- **Candidate**- Any individual who, with respect to a public office listed in GS 163-278.6(18), has filed a notice of candidacy or a petition requesting to be a candidate, or has been certified as a nominee of a political party for a vacancy, has otherwise qualified as a candidate in a manner authorized by law, or has received funds or made payments or has given the consent for anyone else to receive funds or transfer anything of value for the purpose of exploring or bringing about that individual's nomination or election to office. Transferring anything of value includes incurring an obligation to transfer anything of value. Status as a candidate for the purpose of Article 22A continues if the individual is receiving contributions to repay loans or cover a deficit or is making expenditures to satisfy obligations from an election already held. The term includes a political committee authorized by the candidate for that candidate's election.
- **Certified Candidate**- A candidate running for office who chooses to receive campaign funds from the Fund who is certified under GS 163-278.64(c). (see **Certification of Candidate** section)
- **Contested primary and contested general election**- An election in which there are more candidates than the number to be elected. A distribution from the Fund pursuant to Article 22D is not a "contribution" and is not subject to the limitations of GS 163-278.13 or the prohibitions of GS 163-278.15 or GS 163-278.19.
- **Expenditure**- Any purchase, advance, conveyance, deposit distribution, transfer of funds, loan, payment, gift, pledge or subscription of money or anything of value whatsoever, whether or not made in an election year, and any contract, agreement, promise or other obligation, whether or not legally enforceable, to make an expenditure, to support or oppose the nomination, election, or passage of one or more clearly identified candidates, or ballot measure. Supporting or opposing the election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified political party. The term "expenditure" also includes any payment or other transfer made by a candidate, political committee, or referendum committee.
- **Fund**- The North Carolina Public Campaign Financing Fund as established in GS 163-278.63.
- **Independent Expenditure**- An expenditure to support or oppose the nomination or election of one or more clearly identified candidates that is made without consultation or coordination with a candidate or agent of a

candidate whose nomination or election the expenditure supports or whose opponent's nomination or election the expenditure opposes. Supporting or opposing the election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified political party. A contribution is not an independent expenditure

- **Maximum qualifying contributions-** An amount of qualifying contributions equal to 60 times the filing fee for candidacy for the office.
- **Minimum qualifying contributions-** An amount of qualifying contributions equal to 30 times the filing fee for candidacy for the office.
- **Nonparticipating candidate-** A candidate running for office who is not seeking to be certified. (see **Certification of Candidate section**)
- **Office-** A position on the North Carolina Court of Appeals or North Carolina Supreme Court.
- **Participating candidate-** A candidate for office who has filed a declaration of intent to participate under GS 163-278.64.
- **Political committee-** The term "political committee" means a combination of two or more individuals, such as any person, committee, association, organization, or other entity that makes, or accepts anything of value to make, contributions or expenditures and has one or more of the following characteristics: a. Is controlled by a candidate; b. Is a political party or executive committee of a political party or is controlled by a political party or executive committee of a political party; c. Is created by a corporation, business entity, insurance company, labor union, or professional association pursuant to G.S. 163-278.19(b); or d. Has as a major purpose to support or oppose the nomination or election of one or more clearly identified candidates. Supporting or opposing the election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified political party. An entity is rebuttably presumed to have as a major purpose to support or oppose the nomination or election of one or more clearly identified candidates if it contributes or expends or both contributes and expends during an election cycle more than three thousand dollars (\$3,000). The presumption may be rebutted by showing that the contributions and expenditures giving rise to the presumption were not a major part of activities of the organization during the election cycle. Contributions to referendum committees and expenditures to support or oppose ballot issues shall not be facts considered to give rise to the presumption or otherwise be used in determining whether an entity is a political committee. If the entity qualifies as a "political committee" under sub-subdivision a., b., c., or d. of this subdivision, it continues to be a political committee if it receives contributions or makes expenditures or maintains assets or liabilities. A political committee ceases to exist when it winds up its operations, disposes of its assets, and files its final report.
- **Qualifying contribution-** A contribution of not less than ten dollars (\$10.00) and not more than five hundred dollars (\$500.00) in the form of a check or

money order to the candidate or the candidate's committee that meets both of the following conditions: a. Made by a registered voter in this State b. Made during the qualifying period and obtained with the approval of the candidate or candidate's committee.

- **Qualifying period**- The period beginning September 1 in the year before the election and ending the day of the primary of the election year.
- **Referendum committee**- A combination of two or more individuals such as a committee, association, organization, or other entity or a combination of two or more business entities, corporations, insurance companies, labor unions, or professional associations such as a committee, association, organization, or other entity the primary purpose of which is to support or oppose the passage of an referendum on the ballot. If the entity qualifies as a "referendum committee" under this subsection, it continues to be a referendum committee if it receives contributions or makes expenditures or maintains assets or liabilities. A referendum committee ceases to exist when it winds up its operations, disposes of its assets, and files its final report.
- **Trigger of rescue funds**- The dollar amount at which rescue funds are released for certified candidates. In the case of a primary, the trigger equals the maximum qualifying contributions for participating candidates. In the case of a contested general election, the trigger equals the base level of funding available under GS 163-278.65(b). (*see How do I receive funds from the Program? section*)

Who may participate in the Program?

- A candidate for North Carolina Court of Appeals or North Carolina Supreme Court that desires to participate in the North Carolina Public Campaign Fund Program.
- The candidate must be eligible to receive funds from this Program.
- Upon making the determination to participate in the Program, a candidate must be able to certify that since January 1st of the year before the election that they have received no more than ten thousand dollars (\$10,000) from sources and in amounts permitted by law or have not expended more than ten thousand dollars (\$10,000) for any campaign purpose. For example, for elections taking place in 2006, January 1, 2005 would be the relevant date. If either of these limits have been exceeded, a candidate would be ineligible to receive funds from the Program.

How do I participate in the Program?

1. If the above criteria have been met, a candidate must first file a **Declaration of Intent** during the qualifying period and before collecting

any qualifying contributions. The qualifying period begins on September 1 of the year before the election. For example, an election taking place in 2006, the qualifying period would begin on September 1, 2005. The qualifying period ends on the day of the primary of the election year. The [Declaration of Intent](#) may be filed at any time during this qualifying period, but absolutely no qualifying contributions may be received prior to the filing of the [Declaration of Intent](#).

[Contents of the Declaration of Intent](#)

The candidate will swear or affirm that:

- Only one political committee, identified with a treasurer, will handle all contributions, expenditures, and obligations for the participating candidate;
- No qualifying contributions have been collected prior to the filing of the statement;
- No contributions have been collected in excess of \$10,000 and no expenditures have been made in excess of \$10,000.
- All contributions received since January 1, 2005 were from permitted sources and in permitted amounts.
- The candidate will comply with the contribution and expenditure limits and other requirements set forth in Article 22D or adopted by the Board and failure to do so would be a violation of Article 22D.

2. After the [Declaration of Intent](#) has been filed, the candidate is now defined as a “participating candidate”. The participating candidate must obtain qualifying contributions during the qualifying period in order to become a “certified candidate”.

[Requirements for Qualifying Contributions](#)

- Must obtain separate contributions from at least 350 registered voters of North Carolina. Each contributor must provide his or her full name, mailing address, phone number, and county of residence.
- Each qualifying contribution may be no less than ten dollars (\$10) or more than five hundred dollars (\$500).
- Each qualifying contribution must be in the form of a check or money order. No cash may be accepted.
- All qualifying contributions must be made during the qualifying period and must be obtained with the approval of the candidate or candidate’s committee.
- The aggregate sum of the qualifying

contributions may be no less than the minimum qualifying contribution sum, which is **30 times** the filing fee for the office.

- **A candidate for the North Carolina Court of Appeals minimum qualifying contribution sum would be \$34,680.00.**
- **A candidate for an Associate Justice seat on the North Carolina Supreme Court would have a minimum qualifying contribution sum of \$36,180.00.**
- **A candidate for Chief Justice of the North Carolina Supreme Court would have a minimum qualifying contribution sum of \$37,140.00.**
- The aggregate sum of the qualifying contributions may be no more than the maximum qualifying contribution sum, which is **60 times** the filing fee for the office.
 - **A candidate for the North Carolina Court of Appeals maximum qualifying contribution sum would be \$69,360.00.**
 - **A candidate for Associate Justice of the North Carolina Supreme Court would have a maximum qualifying contribution sum of \$72,360.00.**
 - **A candidate for Chief Justice of the North Carolina Supreme Court would have a maximum contribution sum of \$74,280.00.**
- No payment, gift, or anything of value shall be given in exchange for a qualifying contribution.
- All qualifying contributions will be recorded on the CRO-2500 and CRO-2510 forms.
- Participating candidates may receive contributions less than ten dollars (\$10). These contributions are not qualifying contributions and are not considered in meeting the minimum contribution sum. However, total contributions under ten dollars (\$10) along with qualifying contributions may not exceed the maximum qualifying sum.

From the filing of the [Declaration of Intent](#) through the end of the qualifying period, a candidate shall expend no more than an amount equal to the maximum qualifying contributions for that candidate (**\$69,360.00** for North Carolina Court of Appeals candidates, **\$72,360.00** for candidates for Associate Justice of the North Carolina Supreme Court and

\$74,280 for Chief Justice), not including possible rescue funds, the remaining “seed” money as raised during the period from January 1st through the filing of the [Declaration of Intent](#).

3. During the qualifying period, the candidate may contribute up to one thousand dollars (\$1,000) of that candidate’s own money to the campaign and may accept in contributions one thousand dollars (\$1,000) from each member of that candidate’s family consisting of spouse, parent, child, brother and sister. Debt incurred by a candidate or payments for campaign expenses by a candidate count toward the \$1,000 limit.

***Any contribution received by a participating or certified candidate that does not meet the criteria outlined in this process must be returned to the donor as soon as practicable. This has been defined as within five days of receipt of the contribution. Contributions intentionally made, solicited, or accepted in violation of Article 22D are subject to civil penalties.**

4. After the qualifying contributions have been received and recorded, campaign finance forms CRO-2500 and CRO-2510 must be submitted to the Campaign Finance Office of the State Board of Elections for certification evaluation. These forms will contain the required information for all qualifying contributors.
5. Upon receipt of both the CRO-2500 and CRO-2510 forms listing each qualifying contribution with the name, address, phone number, county of residence of each contributor, the amount of the contribution and the method of payment (check or money order), the certification evaluation will begin. The Board shall certify candidates complying with the requirements no later than five business days after receipt of a satisfactory record of demonstrated support (CRO-2500 and CRO-2510). The following are the requirements needed for certification:

Certification Requirements

- Signed and filed [Declaration of Intent](#).
- Submitted CRO-2500 and CRO-2510 listing the appropriate number of qualifying contributions in the appropriate amounts from registered voters of North Carolina. This information will be verified by staff.
- Filed a valid Notice of Candidacy for the seat sought as provided in Article 25 of Chapter 163 of the North Carolina General Statutes.
- Complied with all other campaign finance laws.

6. After the qualifying period and through the date of the general election, the candidate may expend only the funds the candidate receives from the Fund plus any funds remaining from the qualifying period and possible rescue funds.

Other Restrictions on Expenditures by Participating and Certified Candidates

Article 22A of Chapter 163 of the North Carolina General Statutes contains the regulations concerning contributions and expenditures in political campaigns. In this Article, expenditures have very few restrictions. In fact, a political committee may spend their money in any way they choose as long as full disclosure is provided and contribution limitations are not exceeded when giving to other committees.

The North Carolina Public Campaign Financing Fund Program as established in Article 22D does place restrictions on expenditures made by participating candidates and certified candidates. For those participating in the Program, all expenditures must be made for campaign-related purposes only. The State Board has provided guidelines for determining permissible expenditures. If a participating or certified candidate is unsure if the expenditure they intend to make falls within these guidelines, a request for an opinion should be made to the State Board of Elections.

The designated treasurer for the participating or certified candidate should maintain receipts documenting every disbursement from the campaign account. These receipts may be requested if a complaint is filed or the State Board of Elections has any questions about the expenditures of a committee.

Nonparticipating candidates are not limited to the expenditure guidelines below. These candidates are permitted to make expenditures for any purpose, but must continue to fully disclose all expenditures with the full name and address of the payee, date of disbursement, amount of disbursement and specific purpose of the disbursement. Participating and certified candidates will also provide this same information on all campaign finance reports filed.

The Expenditure Guidelines chart addresses specific expenditures and their permissibility. Please contact the Campaign Finance Office of the State Board of Elections with any questions:

Expenditure Guidelines

<u>Allowed</u>	<u>Prohibited</u>
Advertisement expenditures including all “print media”	Expenditures to any political party or political committee, except as provided by these guidelines
Campaign headquarter expenses including lease and utilities	Independent Expenditures
Office supplies	Loans not associated with the current candidacy
Campaign staff expenses including salaries and food for staff and/or volunteers	Any gift to another that is not given for a campaign related purpose
Travel expenses for candidate and staff including mileage, lodging and reimbursement for campaign events and appearances	A capital asset that is not used to promote the current candidacy
Consulting services, accounting services, clerical services, polling and other campaign advisory services	Any costs incurred as a result of civil penalties assessed against the candidate or committee
<i>Candidate may jointly pay for media expenses as long as each candidate pays an equal amount so that no candidate receives an inkind contribution.</i>	
<i>Purchase of tickets to attend events for the purpose of campaigning; the cost of which are reasonably related to the benefits received. (An expense of \$100 or less is presumed reasonable</i>	
Any expenses incurred by the candidate for fundraising activities	

Limitations on Contributions for Candidates NOT participating in the Program

With the creation of Article 22D came a significant change to Article 22A concerning contribution limitations for judicial candidates. Previously, all candidates, political committees, and individuals could contribute \$4,000 per election to any candidate or other political committee. The candidate, the candidate's spouse, mother, father or sibling could contribute unlimited amounts to the candidate's political committee. The change in the law applies to candidates for the North Carolina Supreme Court and the North Carolina Court of Appeals. Candidates for these offices are now limited from accepting any contributions over \$1,000 for any election. A candidate may accept a contribution of \$2,000 in an election from the candidate's parent, child, brother or sister.

Additionally, no candidate for North Carolina Supreme Court or North Carolina Court of Appeals may accept a contribution during the period beginning 21 days before the day of the general election and ending the day after the general election. A contribution from the candidate or the spouse of the candidate or a loan secured entirely by the candidate or spouse of the candidate would not be included in the 21-day prohibition. This provision only applies to a candidate opposed in a general election by a certified candidate who has not received the maximum amount of rescue funds available. If a nonparticipating candidate violates this provision, the candidate will have three days to return the contribution or file a detailed statement with the State Board of Elections explaining why the contribution does not violate this provision.

How do I receive funds from the Program?

- The State Board of Elections will distribute revenue from the Fund within five business days after the certified candidate's name is approved to appear on the ballot in a contested general election.
 - North Carolina Court of Appeals candidates will receive **\$144,500.00** (125 times the filing fee).
 - North Carolina Supreme Court Associate Justice candidates will receive **\$211,050.00** (175 times the filing fee).
 - North Carolina Supreme Court Chief Justice candidates will receive **\$216,650.00** (175 times the filing fee).

****If the revenue in the Fund is insufficient to fully fund all certified candidates, then the available money shall be distributed proportionately, according to each candidate's eligible funding.***

What are my campaign finance reporting requirements?

Noncertified Candidate Reporting Requirements

- In addition to the standard campaign finance reporting schedule, a noncertified candidate that is opposed by a certified candidate must file a campaign finance report by fax or electronically within 24 hours after the total amount of campaign expenditures or obligations made, or funds raised or borrowed, exceeds 80% of the trigger for rescue funds. This amount would be 80% of:
 - 125 times the filing fee for candidates for the North Carolina Court of Appeals (**$\$144,500.00 \times 80\% = \$115,600.00$**)
 - 175 times the filing fee for candidates for Associate Justice of the North Carolina Supreme Court (**$\$211,050.00 \times 80\% = \$168,840.00$**)
 - 175 times the filing fee for candidates for Chief Justice of the North Carolina Supreme Court (**$\$216,650.00 \times 80\% = \$173,320.00$**)
 -
- After this first 24-hour filing, the noncertified candidate must comply with an expedited reporting schedule which will require reporting of all contributions received that are in excess of \$1,000 each and/or any expenditure(s) that individually are in excess of \$1,000. Within 48 hours of receiving a contribution or making an expenditure that meets this criterion, a report must be filed by fax or electronically with the State Board of Elections Campaign Finance Office.

Reporting by Participating and Certified Candidates

- Participating and Certified candidates will comply with the standard campaign finance reporting schedule, in addition to filing the required reports for certification. (*See "How do I participate in the Program?"*)

Reporting by Independent Expenditure Entities

- Any entity making independent expenditures in excess of three thousand dollars (\$3,000) in support of or opposition to a certified candidate shall report the total funds received, spent, or obligated for those expenditures to the Campaign Finance Office of the State Board of Elections by fax or electronically within 24 hours after the total amount of expenditures or obligations made, or funds raised or borrowed, for the purpose of making the independent expenditures, exceeds fifty percent 50% of the trigger for rescue funds. This amount would be 50% of:
 - 125 times the filing fee for candidates for the North Carolina Court of Appeals (**$\$144,500.00 \times 50\% = \$72,250.00$**)

- 175 times the filing fee for candidates for Associate Justice of the North Carolina Supreme Court (**\$211,050.00 x 50%= \$105,525.00**)
- 175 times the filing fee for candidates for Chief Justice of the North Carolina Supreme Court (**\$216,650.00 x 50%= \$108,325.00**)
-
- After this first 24-hour filing, the independent expenditure entity must comply with an expedited reporting schedule which will require reporting of all contributions received that are in excess of \$1,000 each and/or any expenditure(s) that individually are in excess of \$1,000. Within 48 hours of receiving a contribution or making an expenditure that meets this criterion, a report must be filed by fax or electronically with the State Board of Elections Campaign Finance Office.

Rescue Funds

When any report, or group of reports, show that funds in opposition to a certified candidate exceed the trigger for rescue funds, the Board will immediately issue to that certified candidate an additional amount equal to the reported excess within the limits.

Definition of Limits

- **Limit on Rescue Funds in a Contested Primary**—total rescue funds to a certified candidate shall be limited to an amount equal to two times the maximum qualifying contributions for the office sought.
 - For candidates for the North Carolina Court of Appeals the limit would be **\$138,720.00**.
 - For candidates for Associate Justice of the North Carolina Supreme Court the limit would be **\$144,720.00**.
 - For candidates for Chief Justice of the North Carolina Supreme Court the limit would be **\$148,560.00**.
- **Limit on Rescue Funds in a Contested General Election**- total rescue funds to a certified candidate shall be limited to an amount equal to two times the amount of 125 times the filing fee for North Carolina Court of Appeals and 175 times the filing fee for North Carolina Supreme Court.
 - For candidates for the North Carolina Court of Appeals the limit would be **\$289,000.00**.
 - For candidates for Associate Justice of the North Carolina Supreme Court the limit would be **\$422,100.00**.
 - For candidates for Chief Justice of the North Carolina Supreme Court the limit would be **\$433,300.00**.

Judicial Voter Guide

The State Board of Elections will publish a Judicial Voter Guide that will be available no earlier than 14 days or later than seven days before the one-stop voting period prior to the primary and general election. The Guide will include information about the functions of the appellate courts, the laws involved in electing appellate judges, the purpose and function of the North Carolina Public Campaign Financing Program and the laws regulating voter registration.

Included in the Guide will be information on each candidate for the North Carolina Court of Appeals and the North Carolina Supreme Court. This information will be submitted by the candidate on the form and in the format provided by the State Board of Elections. The candidate will be asked to provide information on the following:

- Place of residence
- Education
- Occupation
- Employer
- Date admitted to the Bar
- Legal/Judicial experience
- Candidate statement (150 word limit)

The State Board of Elections will have the authority to reject any portion of the candidate statement that is determined to contain obscene, profane or defamatory language. If the State Board rejects a portion of the statement, the candidate will have three days to resubmit the candidate statement portion of the Voter Guide Information packet.

Civil Penalties

The State Board of Elections will make determinations regarding violations of the Article. Any individual, political committee or other entity that violates any provision of Article 22D will be subject to a civil penalty of up to ten thousand dollars (\$10,000) per violation or three times the amount of any financial transactions involved in the violation, whichever is greater. The State Board of Elections may also, “for good cause shown”, require a candidate to return to the Fund all amounts distributed to the candidate from the Fund. When making determinations concerning violations of Article 22D, the State Board of Elections may consider circumstances out of the candidate’s control when assessing a civil penalty.

North Carolina Campaign Finance Laws

- **Article 22**
- **Article 22A**
- **Article 22B**
- **Article 22D**
- **Article 22E**
- **Article 22F**

Article 22.

Corrupt Practices and Other Offenses against the Elective Franchise.

§§ 163-259 through 163-268. Repealed by Session Laws 1975, c. 565, s. 8.

§§ 163-269 through 163-270. Repealed by Session Laws 1999-31, s. 5(b).

§ 163-271. Intimidation of voters by officers made misdemeanor.

It shall be unlawful for any person holding any office, position, or employment in the State government, or under and with any department, institution, bureau, board, commission, or other State agency, or under and with any county, city, town, district, or other political subdivision, directly or indirectly, to discharge, threaten to discharge, or cause to be discharged, or otherwise intimidate or oppress any other person in such employment on account of any vote such voter or any member of his family may cast, or consider or intend to cast, or not to cast, or which he may have failed to cast, or to seek or undertake to control any vote which any subordinate of such person may cast, or consider or intend to cast, or not to cast, by threat, intimidation, or declaration that the position, salary, or any part of the salary of such subordinate depends in any manner whatsoever, directly or indirectly, upon the way in which subordinate or any member of his family casts, or considers or intends to cast, or not to cast his vote, at any primary or election. A violation of this section is a Class 2 misdemeanor. (1933, c. 165, s. 25; 1967, c. 775, s. 1; 1987, c. 565, s. 11; 1993, c. 539, s. 1109; 1994, Ex. Sess., c. 24, s. 14(c).)

§ 163-272. Repealed by Session Laws 1971, c. 872, s. 3.

§ 163-272.1. Penalties for violation of this Chapter.

Whenever in this Chapter it is provided that a crime is a misdemeanor, the punishment shall be for a Class 2 misdemeanor. (1987, c. 565, s. 1; 1993, c. 539, s. 1110; 1994, Ex. Sess., c. 24, s. 14(c).)

§ 163-273. Offenses of voters; interference with voters; penalty.

(a) Any person who shall, in connection with any primary or election in this State, do any of the acts and things declared in this section to be unlawful, shall be guilty of a Class 2 misdemeanor. It shall be unlawful:

- (1) For a voter, except as otherwise provided in this Chapter, to allow his ballot to be seen by any person.
- (2) For a voter to take or remove, or attempt to take or remove, any ballot from the voting enclosure.
- (3) For any person to interfere with, or attempt to interfere with, any voter when inside the voting enclosure.
- (4) For any person to interfere with, or attempt to interfere with, any voter when marking his ballots.
- (5) For any voter to remain longer than the specified time allowed by this Chapter in a voting booth, after being notified that his time has expired.
- (6) For any person to endeavor to induce any voter, while within the voting enclosure, before depositing his ballots, to show how he marks or has marked his ballots.
- (7) For any person to aid, or attempt to aid, any voter by means of any mechanical device, or any other means whatever, while within the voting enclosure, in marking his ballots.

(b) Election officers shall cause any person committing any of the offenses set forth in subsection (a) of this section to be arrested and shall cause charges to be preferred against the person so offending in a court of competent jurisdiction. (1929, c. 164, s. 29; 1967, c. 775, s. 1; 1987, c. 565, s. 12; 1993, c. 539, s. 1111; 1994, Ex. Sess., c. 24, s. 14(c).)

§ 163-274. Certain acts declared misdemeanors.

Any person who shall, in connection with any primary or election in this State, do any of the acts and things declared in this section to be unlawful, shall be guilty of a Class 2 misdemeanor. It shall be unlawful:

- (1) For any person to fail, as an officer or as a judge or chief judge of a primary or election, or as a member of any board of elections, to prepare the books, ballots, and return blanks which it is his duty under the law to prepare, or to distribute the same as required by law, or to perform any other duty imposed upon him within the time and in the manner required by law;
- (1a) For any member, director, or employee of a board of elections to alter a voter registration application or other voter registration record without either the written authorization of the applicant or voter or the written authorization of the State Board of Elections;
- (2) For any person to continue or attempt to act as a judge or chief judge of a primary or election, or as a member of any board of elections, after having been legally removed from such position and after having been given notice of such removal;

- (3) For any person to break up or by force or violence to stay or interfere with the holding of any primary or election, to interfere with the possession of any ballot box, election book, ballot, or return sheet by those entitled to possession of the same under the law, or to interfere in any manner with the performance of any duty imposed by law upon any election officer or member of any board of elections;
- (4) For any person to be guilty of any boisterous conduct so as to disturb any member of any election board or any chief judge or judge of election in the performance of his duties as imposed by law;
- (5) For any person to bet or wager any money or other thing of value on any election;
- (5a) Repealed by Session Laws 1999-455, s. 21, applicable to elections held on or after January 1, 2000.
- (6) For any person, directly or indirectly, to discharge or threaten to discharge from employment, or otherwise intimidate or oppose any legally qualified voter on account of any vote such voter may cast or consider or intend to cast, or not to cast, or which he may have failed to cast;
- (7) For any person to publish in a newspaper or pamphlet or otherwise, any charge derogatory to any candidate or calculated to affect the candidate's chances of nomination or election, unless such publication be signed by the party giving publicity to and being responsible for such charge;
- (8) For any person to publish or cause to be circulated derogatory reports with reference to any candidate in any primary or election, knowing such report to be false or in reckless disregard of its truth or falsity, when such report is calculated or intended to affect the chances of such candidate for nomination or election;
- (9) For any person to give or promise, in return for political support or influence, any political appointment or support for political office;
- (10) For any chairman of a county board of elections or other returning officer to fail or neglect, willfully or of malice, to perform any duty, act, matter or thing required or directed in the time, manner and form in which said duty, matter or thing is required to be performed in relation to any primary, general or special election and the returns thereof;
- (11) For any clerk of the superior court to refuse to make and give to any person applying in writing for the same a duly

certified copy of the returns of any primary or election or of a tabulated statement to a primary or election, the returns of which are by law deposited in his office, upon the tender of the fees therefor;

- (12) For any person willfully and knowingly to impose upon any blind or illiterate voter a ballot in any primary or election contrary to the wish or desire of such voter, by falsely representing to such voter that the ballot proposed to him is such as he desires; or
- (13) Except as authorized by G.S. 163-82.15, for any person to provide false information, or sign the name of any other person, to a written report under G.S. 163-82.15. (1931, c. 348, s. 9; 1951, c. 983, s. 1; 1967, c. 775, s. 1; 1979, c. 135, s. 3; 1987, c. 565, s. 13; c. 583, s. 9; 1993, c. 539, s. 1112; 1994, Ex. Sess., c. 24, s. 14(c); 1993 (Reg. Sess., 1994), c. 762, s. 58(a)-(c); 1999-424, s. 7(h); 1999-426, s. 2(a); 1999-455, s. 21.)

§ 163-275. Certain acts declared felonies.

Any person who shall, in connection with any primary, general or special election held in this State, do any of the acts or things declared in this section to be unlawful, shall be guilty of a Class I felony. It shall be unlawful:

- (1) For any person fraudulently to cause his name to be placed upon the registration books of more than one election precinct or fraudulently to cause or procure his name or that of any other person to be placed upon the registration books in any precinct when such registration in that precinct does not qualify such person to vote legally therein, or to impersonate falsely another registered voter for the purpose of voting in the stead of such other voter;
- (2) For any person to give or promise or request or accept at any time, before or after any such primary or election, any money, property or other thing of value whatsoever in return for the vote of any elector;
- (3) For any person who is an election officer, a member of an election board or other officer charged with any duty with respect to any primary or election, knowingly to make any false or fraudulent entry on any election book or any false or fraudulent returns, or knowingly to make or cause to be made any false statement on any ballot, or to do any fraudulent act or knowingly and fraudulently omit to do any act or make any report legally required of such person;

- (4) For any person knowingly to swear falsely with respect to any matter pertaining to any primary or election;
- (5) For any person convicted of a crime which excludes him from the right of suffrage, to vote at any primary or election without having been restored to the right of citizenship in due course and by the method provided by law;
- (6) For any person to take corruptly the oath prescribed for voters;
- (7) For any person with intent to commit a fraud to register or vote at more than one precinct or more than one time, or to induce another to do so, in the same primary or election, or to vote illegally at any primary or election;
- (8) For any chief judge or any clerk or copyist to make any entry or copy with intent to commit a fraud;
- (9) For any election official or other officer or person to make, certify, deliver or transmit any false returns of any primary or election, or to make any erasure, alteration, or conceal or destroy any election ballot, book, record, return or process with intent to commit a fraud;
- (10) For any person to assault any chief judge, judge of election or other election officer while in the discharge of his duty in the registration of voters or in conducting any primary or election;
- (11) For any person, by threats, menaces or in any other manner, to intimidate or attempt to intimidate any chief judge, judge of election or other election officer in the discharge of his duties in the registration of voters or in conducting any primary or election;
- (12) For any chief judge, judge of election, member of a board of elections, assistant, marker, or other election official, directly or indirectly, to seek, receive or accept money or the promise of money, the promise of office, or other reward or compensation from a candidate in any primary or election or from any source other than such compensation as may be provided by law for his services;
- (13) For any person falsely to make or present any certificate or other paper to qualify any person fraudulently as a voter, or to attempt thereby to secure to any person the privilege of voting;
- (14) For any officer to register voters and any other individual to knowingly and willfully receive, complete, or sign an application to register from any voter contrary to the provisions of G.S. 163-82.4; or
- (15) Reserved for future codification purposes.

- (16) For any person falsely to make the certificate provided by G.S. 163-229(b)(2) or G.S. 163-250(a).
- (17) For any person, directly or indirectly, to misrepresent the law to the public through mass mailing or any other means of communication where the intent and the effect is to intimidate or discourage potential voters from exercising their lawful right to vote. (1901, c. 89, s. 13; Rev., s. 3401; 1913, c. 164, s. 2; C.S., s. 4186; 1931, c. 348, s. 10; 1943, c. 543; 1965, c. 899; 1967, c. 775, s. 1; 1979, c. 539, s. 4; 1979, 2nd Sess., c. 1316, ss. 27, 28; 1981, cc. 63, 179; 1985, c. 562, s. 5; 1987, c. 565, s. 14; c. 583, s. 7; 1989, c. 770, s. 38; 1991, c. 727, s. 1; 1993, c. 553, s. 68; 1993 (Reg. Sess., 1994), c. 762, s. 58(d)-(g); 1999-424, s. 7(i).)

§ 163-276. Convicted officials; removal from office.

Any public official who shall be convicted of violating any provision of Article 14A or 22 of this Chapter, in addition to the punishment provided by law, shall be removed from office by the judge presiding, and, if the conviction is for a felony, shall be disqualified from voting until his citizenship is restored as provided by law. (1949, c. 504; 1967, c. 775, s. 1; 1985, c. 563, s. 11.3; 2002-159, s. 21(c).)

§ 163-277. Compelling self-incriminating testimony; person so testifying excused from prosecution.

No person shall be excused from attending or testifying or producing any books, papers or other documents before any court or magistrate upon any investigation, proceeding or trial for the violation of any of the provisions of this Article, upon the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate or degrade him, but such person may be subpoenaed and required to testify by and for the State relative to any offense arising under the provisions of this Article; but such person shall not be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter or thing concerning which he may so testify or produce evidence, documentary or otherwise, and no testimony so given or produced shall be used against him upon any criminal investigation or proceeding, but such person so compelled to testify with respect to any acts of his own shall be immune from prosecution on account thereof, and shall be pardoned for any violation of law about which such person shall be so required to testify. (1931, c. 348, s. 11; 1967, c. 775, s. 1.)

§ 163-278. Duty of investigating and prosecuting violations of this Article.

It shall be the duty of the State Board of Elections and the district attorneys to investigate any violations of this Article, and the Board and

district attorneys are authorized and empowered to subpoena and compel the attendance of any person before them for the purpose of making such investigation. The State Board of Elections and the district attorneys are authorized to call upon the Attorney General to furnish assistance by the State Bureau of Investigation in making the investigations of such violations. The State Board of Elections shall furnish the district attorney a copy of its investigation. The district attorney shall initiate prosecution and prosecute any violations of this Article. The provisions of G.S. 163-278.28 shall be applicable to violations of this Article. (1931, c. 348, s. 12; 1967, c. 775, s. 1; 1975, c. 565, s. 7.)

§§ 116-278.1 through 116-278.4. Reserved for future codification purposes.

Article 22A.

Regulating Contributions and Expenditures in Political Campaigns.

Part 1. In General.

§ 163-278.5. Scope of Article; severability.

The provisions of this Article apply to primaries and elections for North Carolina offices and to North Carolina referenda and do not apply to primaries and elections for federal offices or offices in other States or to non-North Carolina referenda. Any provision in this Article that regulates a non-North Carolina entity does so only to the extent that the entity's actions affect elections for North Carolina offices or North Carolina referenda.

The provisions of this Article are severable. If any provision is held invalid by a court of competent jurisdiction, the invalidity does not affect other provisions of the Article that can be given effect without the invalid provision. (1999-31, s. 6(a); 2000-140, s. 82.)

§ 163-278.6. Definitions.

When used in this Article:

- (1) The term "board" means the State Board of Elections with respect to all candidates for State, legislative, and judicial offices and the county or municipal board of elections with respect to all candidates for county and municipal offices. The term means the State Board of Elections with respect to all statewide referenda and the county or municipal board of elections conducting all local referenda.
- (2) The term "broadcasting station" means any commercial radio or television station or community antenna radio or television station. Special definitions of "radio" and "television" that apply only in Part 1A of this Article are set forth in G.S. 163-278.38Z.
- (3) The term "business entity" means any partnership, joint venture, joint-stock company, company, firm, or any commercial or industrial establishment or enterprise.
- (4) The term "candidate" means any individual who, with respect to a public office listed in G.S. 163-278.6(18), has filed a notice of candidacy or a petition requesting to be a candidate, or has been certified as a nominee of a political party for a vacancy, has otherwise qualified as a

candidate in a manner authorized by law, or has received funds or made payments or has given the consent for anyone else to receive funds or transfer anything of value for the purpose of exploring or bringing about that individual's nomination or election to office. Transferring anything of value includes incurring an obligation to transfer anything of value. Status as a candidate for the purpose of this Article continues if the individual is receiving contributions to repay loans or cover a deficit or is making expenditures to satisfy obligations from an election already held. Special definitions of "candidate" and "candidate campaign committee" that apply only in Part 1A of this Article are set forth in G.S. 163-278.38Z.

- (5) The term "communications media" or "media" means broadcasting stations, carrier current stations, newspapers, magazines, periodicals, outdoor advertising facilities, billboards, newspaper inserts, and any person or individual whose business is polling public opinion, analyzing or predicting voter behavior or voter preferences. Special definitions of "print media," "radio," and "television" that apply only in Part 1A of this Article are set forth in G.S. 163-278.38Z.
- (6) The terms "contribute" or "contribution" mean any advance, conveyance, deposit, distribution, transfer of funds, loan, payment, gift, pledge or subscription of money or anything of value whatsoever, to a candidate to support or oppose the nomination or election of one or more clearly identified candidates, to a political committee, to a political party, or to a referendum committee, whether or not made in an election year, and any contract, agreement, promise or other obligation, whether or not legally enforceable, to make a contribution. These terms include, without limitation, such contributions as labor or personal services, postage, publication of campaign literature or materials, in-kind transfers, loans or use of any supplies, office machinery, vehicles, aircraft, office space, or similar or related services, goods, or personal or real property. These terms also include, without limitation, the proceeds of sale of services, campaign literature and materials, wearing apparel, tickets or admission prices to campaign events such as rallies or dinners, and the proceeds of sale of any campaign-related services or goods. Notwithstanding the foregoing meanings of "contribution," the word shall not be construed to include services provided without compensation by individuals volunteering a portion or all

of their time on behalf of a candidate, political committee, or referendum committee. The term "contribution" does not include an "independent expenditure." If:

a. Any individual, person, committee, association, or any other organization or group of individuals, including but not limited to, a political organization (as defined in section 527(e)(1) of the Internal Revenue Code of 1986) makes, or contracts to make, any disbursement for any electioneering communication, as defined in G.S. 163-278.80(2) and (3) and G.S. 163-278.90(2) and (3); and

b. That disbursement is coordinated with a candidate, an authorized political committee of that candidate, a State or local political party or committee of that party, or an agent or official of any such candidate, party, or committee

that disbursement or contracting shall be treated as a contribution to the candidate supported by the electioneering communication or that candidate's party and as an expenditure by that candidate or that candidate's party.

(7) The term "corporation" means any corporation doing business in this State under either domestic or foreign charter, and includes a corporate subsidiary and any business entity in which a corporation participates or is a stockholder, a partner or a joint venturer.

(7a) The term "costs of collection" means monies spent by the State Board of Elections in the collection of the penalties levied under this Article to the extent the costs do not constitute more than fifty percent (50%) of the civil penalty. The costs are presumed to be ten percent (10%) of the civil penalty unless otherwise determined by the State Board of Elections based on the records of expenses incurred by the State Board of Elections for its collection procedures.

(7b) The term "day" means calendar day.

(7c) The term "election cycle" means the period of time from January 1 after an election for an office through December 31 after the election for the next term of the same office. Where the term is applied in the context of several offices with different terms, "election cycle" means the period from January 1 of an odd-numbered year through December 31 of the next even-numbered year.

(8) The term "election" means any general or special election, a first or second primary, a run-off election, or

an election to fill a vacancy. The term "election" shall not include any local or statewide referendum.

- (8a) The term "enforcement costs" means salaries, overhead, and other monies spent by the State Board of Elections in the enforcement of the penalties provisions of this Article, including the costs of investigators, attorneys, travel costs for State Board employees and its attorneys, to the extent the costs do not constitute more than fifty percent (50%) of the sum levied for the enforcement costs and civil late penalty.
- (9) The terms "expend" or "expenditure" mean any purchase, advance, conveyance, deposit, distribution, transfer of funds, loan, payment, gift, pledge or subscription of money or anything of value whatsoever, whether or not made in an election year, and any contract, agreement, promise or other obligation, whether or not legally enforceable, to make an expenditure, to support or oppose the nomination, election, or passage of one or more clearly identified candidates, or ballot measure. Supporting or opposing the election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified political party. The term "expenditure" also includes any payment or other transfer made by a candidate, political committee, or referendum committee. The special definition of "expenditure" in G.S. 163-278.12A applies only in that section.
- (9a) The term "independently expend" or "independent expenditure" means an expenditure to support or oppose the nomination or election of one or more clearly identified candidates that is made without consultation or coordination with a candidate or agent of a candidate whose nomination or election the expenditure supports or whose opponent's nomination or election the expenditure opposes. Supporting or opposing the election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified political party. A contribution is not an independent expenditure. As applied to referenda, the term "independent expenditure" applies if consultation or coordination does not take place with a referendum committee that supports a ballot measure the expenditure supports, or a referendum committee that opposes the ballot measure the expenditure opposes.
- (10) The term "individual" means a single individual or more than one individual.

- (11) The term "insurance company" means any person whose business is making or underwriting contracts of insurance, and includes mutual insurance companies, stock insurance companies, and fraternal beneficiary associations.
- (12) The term "labor union" means any union, organization, combination or association of employees or workmen formed for the purposes of securing by united action favorable wages, improved labor conditions, better hours of labor or work-related benefits, or for handling, processing or righting grievances by employees against their employers, or for representing employees collectively or individually in dealings with their employers. The term includes any unions to which Article 10, Chapter 95 applies.
- (13) The term "person" means any business entity, corporation, insurance company, labor union, or professional association.
- (14) The term "political committee" means a combination of two or more individuals, such as any person, committee, association, organization, or other entity that makes, or accepts anything of value to make, contributions or expenditures and has one or more of the following characteristics:
 - a. Is controlled by a candidate;
 - b. Is a political party or executive committee of a political party or is controlled by a political party or executive committee of a political party;
 - c. Is created by a corporation, business entity, insurance company, labor union, or professional association pursuant to G.S. 163-278.19(b); or
 - d. Has as a major purpose to support or oppose the nomination or election of one or more clearly identified candidates.

Supporting or opposing the election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified political party.

An entity is rebuttably presumed to have as a major purpose to support or oppose the nomination or election of one or more clearly identified candidates if it contributes or expends or both contributes and expends during an election cycle more than three thousand dollars (\$3,000). The presumption may be rebutted by showing that the contributions and expenditures giving rise to the presumption were not a major part of activities of the organization during the election cycle. Contributions to

referendum committees and expenditures to support or oppose ballot issues shall not be facts considered to give rise to the presumption or otherwise be used in determining whether an entity is a political committee.

If the entity qualifies as a "political committee" under sub-subdivision a., b., c., or d. of this subdivision, it continues to be a political committee if it receives contributions or makes expenditures or maintains assets or liabilities. A political committee ceases to exist when it winds up its operations, disposes of its assets, and files its final report.

Special definitions of "political action committee" and "candidate campaign committee" that apply only in Part 1A of this Article are set forth in G.S. 163-278.38Z.

- (15) The term "political party" means any political party organized or operating in this State, whether or not that party is recognized under the provisions of G.S. 163-96. A special definition of "political party organization" that applies only in Part 1A of this Article is set forth in G.S. 163-278.38Z.
- (16) Repealed by Session Laws 1999-31, s. 4.
- (17) The term "professional association" means any trade association, group, organization, association, or collection of persons or individuals formed for the purposes of advancing, representing, improving, furthering or preserving the interests of persons or individuals having a common vocation, profession, calling, occupation, employment, or training.
- (18) The term "public office" means any office filled by election by the people on a statewide, county, municipal or district basis, and this Article shall be applicable to such elective offices whether the election therefor is partisan or nonpartisan.
- (18a) The term "referendum" means any question, issue, or act referred to a vote of the people of the entire State by the General Assembly, a unit of local government, or by the people under any applicable local act and includes constitutional amendments and State bond issues. The term "referendum" includes any type of municipal, county, or special district referendum and any initiative or referendum authorized by a municipal charter or local act. A recall election shall not be considered a referendum within the meaning of this Article.
- (18b) The term "referendum committee" means a combination of two or more individuals such as a committee, association, organization, or other entity or a combination

of two or more business entities, corporations, insurance companies, labor unions, or professional associations such as a committee, association, organization, or other entity the primary purpose of which is to support or oppose the passage of any referendum on the ballot. If the entity qualifies as a "referendum committee" under this subdivision, it continues to be a referendum committee if it receives contributions or makes expenditures or maintains assets or liabilities. A referendum committee ceases to exist when it winds up its operations, disposes of its assets, and files its final report.

- (19) The term "treasurer" means an individual appointed by a candidate, political committee, or referendum committee as provided in G.S. 163-278.7 or G.S. 163-278.40A. (1973, c. 1272, s. 1; 1975, c. 798, ss. 5, 6; 1979, c. 500, s. 1; c. 1073, ss. 1-3, 19, 20; 1981, c. 837, s. 1; 1983, c. 331, s. 6; 1985, c. 352, ss. 1-3; 1997-515, ss. 4(a)-(c), 7(b)-(d); 1999-31, ss. 1(a), (b), 2(a)-(c), 3, 4(a); 1999-424, s. 6(a), (b); 2002-159, s. 55(n); 2003-278, s. 5; 2004-125, s. 3; 2004-203, s. 12(b).)

§ 163-278.7. Appointment of political treasurers.

(a) Each candidate, political committee, and referendum committee shall appoint a treasurer and, under verification, report the name and address of the treasurer to the Board. A candidate may appoint himself or any other individual, including any relative except his spouse, as his treasurer, and, upon failure to file report designating a treasurer, the candidate shall be concluded to have appointed himself as treasurer and shall be required to personally fulfill the duties and responsibilities imposed upon the appointed treasurer and subject to the penalties and sanctions hereinafter provided.

(b) Each appointed treasurer shall file with the Board at the time required by G.S. 163-278.9(a)(1) a statement of organization that includes:

- (1) The Name, Address and Purpose of the Candidate, Political Committee, or Referendum Committee. – When the political committee or referendum committee is created pursuant to G.S. 163-278.19(b), the name shall be or include the name of the corporation, insurance company, business entity, labor union or professional association whose officials, employees, or members established the committee. When the political committee or referendum committee is not created pursuant to G.S. 163-278.19(b), the name shall be or include the economic interest, if identifiable, principally represented by the

committee's organizers or intended to be advanced by use of the committee's receipts.

- (2) The names, addresses, and relationships of affiliated or connected candidates, political committees, referendum committees, political parties, or similar organizations;
- (3) The territorial area, scope, or jurisdiction of the candidate, political committee, or referendum committee;
- (4) The name, address, and position with the candidate or political committee of the custodian of books and accounts;
- (5) The name and party affiliation of the candidate(s) whom the committee is supporting or opposing, and the office(s) involved;
- (5a) The name of the referendum(s) which the referendum committee is supporting or opposing, and whether the committee is supporting or opposing the referendum;
- (6) The name of the political committee or political party being supported or opposed if the committee is supporting the ticket of a particular political or political party;
- (7) A listing of all banks, safety deposit boxes, or other depositories used, including the names and numbers of all accounts maintained and the numbers of all such safety deposit boxes used, provided that the Board shall keep any account number included in any report filed after March 1, 2003, and required by this Article confidential except as necessary to conduct an audit or investigation, except as required by a court of competent jurisdiction, or unless confidentiality is waived by the treasurer. Disclosure of an account number in violation of this subdivision shall not give rise to a civil cause of action. This limitation of liability does not apply to the disclosure of account numbers in violation of this subdivision as a result of gross negligence, wanton conduct, or intentional wrongdoing that would otherwise be actionable.
- (8) The name or names and address or addresses of any assistant treasurers appointed by the treasurer. Such assistant treasurers shall be authorized to act in the name of the treasurer, who shall be fully responsible for any act or acts committed by an assistant treasurer, and the treasurer shall be fully liable for any violation of this Article committed by any assistant treasurer; and
- (9) Any other information which might be requested by the Board that deals with the campaign organization of the candidate or referendum committee.

(c) Any change in information previously submitted in a statement of organization shall be reported to the Board within a 10-day period following the change.

(d) A candidate, political committee or referendum committee may remove his or its treasurer. In case of the death, resignation or removal of his or its treasurer before compliance with all obligations of a treasurer under this Article, such candidate, political committee or referendum committee shall appoint a successor within 10 days of the vacancy of such office, and certify the name and address of the successor in the manner provided in the case of an original appointment.

(e) Every treasurer of a referendum committee shall receive, prior to every election in which the referendum committee is involved, training from the State Board of Elections as to the duties of the office, including the requirements of G.S. 163-278.13(e1), provided that the treasurer may designate an employee or volunteer of the committee to receive the training. (1973, c. 1272, s. 1; 1979, c. 500, s. 2; c. 1073, ss. 4, 5, 16, 18, 20; 1987, c. 113, s. 1; 1995, c. 315, s. 1; 2002-159, s. 57.1(a); 2004-203, s. 59(a).)

§ 163-278.7A. Gifts from federal political committees.

It shall be permissible for a federal political committee, as defined by the Federal Election Campaign Act and regulations adopted pursuant thereto, to make contributions to a North Carolina candidate or political committee registered under this Article with the State Board of Elections or a county board of elections, provided that the contributing committee does all the following:

- (1) Is registered with the State Board of Elections consistent with the provisions of this Article.
- (2) Complies with reporting requirements specified by the State Board of Elections. Those requirements shall not be more stringent than those required of North Carolina political committees registered under this Article, unless the federal political committee makes any contribution to a North Carolina candidate or political committee in any election in excess of four thousand dollars (\$4,000) for that election. "Election" shall be as defined in G.S. 163-278.13(d).
- (3) Makes its contributions within the limits specified in this Article.
- (4) Appoints an assistant or deputy treasurer who is a resident of North Carolina and stipulates to the State Board of Elections that the designated in-State resident assistant or deputy treasurer shall be authorized to produce whatever records reflecting political activity in North Carolina the State Board of Elections deems

necessary. (1995 (Reg. Sess., 1996), c. 593, s. 1; 2003-274, s. 1.)

§ 163-278.8. Detailed accounts to be kept by political treasurers.

(a) The treasurer of each candidate, political committee, and referendum committee shall keep detailed accounts, current within not more than seven days after the date of receiving a contribution or making an expenditure, of all contributions received and all expenditures made by or on behalf of the candidate, political committee, or referendum committee.

(b) Accounts kept by the treasurer of a candidate, political committee, or referendum committee or the accounts of a treasurer or political committee at any bank or other depository listed under G.S. 163-278.7(b)(7), may be inspected, before or after the election to which the accounts refer, by a member, designee, agent, attorney or employee of the Board who is making an investigation pursuant to G.S. 163-278.22.

(c) Repealed by Session Laws 2004-125, s. 5(a), effective July 20, 2004, and applicable to contributions made on or after January 1, 2003.

(d) A treasurer shall not be required to report the name of any individual who is a resident of this State who makes a total contribution of one hundred dollars (\$100.00) or less but he shall instead report the fact that he has received a total contribution of one hundred dollars (\$100.00) or less, the amount of the contribution, and the date of receipt. If a treasurer receives contributions of one hundred dollars (\$100.00) or less, each at a single event, he may account for and report the total amount received at that event, the date and place of the event, the nature of the event, and the approximate number of people at the event. With respect to the proceeds of sale of services, campaign literature and materials, wearing apparel, tickets or admission prices to campaign events such as rallies or dinners, and the proceeds of sale of any campaign-related services or goods, if the price or value received for any single service or goods exceeds one hundred dollars (\$100.00), the treasurer shall account for and report the name of the individual paying for such services or goods, the amount received, and the date of receipt, but if the price or value received for any single service or item of goods does not exceed one hundred dollars (\$100.00), the treasurer may report only those services or goods rendered or sold at a value that does not exceed one hundred dollars (\$100.00), the nature of the services or goods, the amount received in the aggregate for the services or goods, and the date of the receipt.

(e) All expenditures for media expenses shall be made by check only. All media expenditures in any amount shall be accounted for and reported individually and separately.

(f) All expenditures for nonmedia expenses (except postage) of more than fifty dollars (\$50.00) shall be made by check only. All

expenditures for nonmedia expenses of fifty dollars (\$50.00) or less may be made by check or by cash payment. All nonmedia expenditures of more than fifty dollars (\$50.00) shall be accounted for and reported individually and separately, but expenditures of fifty dollars (\$50.00) or less may be accounted for and reported in an aggregated amount, but in that case the treasurer shall account for and report that he made expenditures of fifty dollars (\$50.00) or less each, the amounts, dates, and the purposes for which made. In the case of a nonmedia expenditure required to be accounted for individually and separately by this subsection, if the expenditure was to an individual, the report shall list the name and address of the individual.

(g) All proceeds from loans shall be recorded separately with a detailed analysis reflecting the amount of the loan, the source, the period, the rate of interest, and the security pledged, if any, and all makers and endorsers. (1973, c. 1272, s. 1; 1977, c. 635, s. 1; 1979, c. 1073, ss. 16, 20; 1981, c. 814, s. 1; 1985, c. 353, ss. 1, 2; 1993 (Reg. Sess., 1994), c. 744, s. 1; 1999-424, s. 7(m); 2004-125, s. 5(a).)

§ 163-278.9. Statements filed with Board.

(a) Except as provided in G.S. 163-278.10A, the treasurer of each candidate and of each political committee shall file with the Board under certification of the treasurer as true and correct to the best of the knowledge of that officer the following reports:

- (1) Organizational Report. – The appointment of the treasurer as required by G.S. 163-278.7(a), the statement of organization required by G.S. 163-278.7(b), and a report of all contributions and expenditures not previously reported shall be filed with the Board no later than the tenth day following the day the candidate files notice of candidacy or the tenth day following the organization of the political committee, whichever occurs first. Any candidate whose campaign is being conducted by a political committee which is handling all contributions and expenditures for his campaign shall file a statement with the Board stating such fact at the time required herein for the organizational report. Thereafter, the candidate's political committee shall be responsible for filing all reports required by law.
- (2) Repealed by Session Laws 1999-31, s. 7(a), effective January 1, 2000.
- (3) Postprimary Report(s). – Repealed by Session Laws 1997-515, s. 1.
- (4) Preelection Report. – Repealed by Session Laws 1997-515, s. 1.
- (4a) 48-Hour Report. – A political committee or political party that receives a contribution or transfer of funds from any

political committee shall disclose within 48 hours of receipt a contribution or transfer of one thousand dollars (\$1,000) or more received before an election but after the period covered by the last report due before that election. The disclosure shall be by report to the State Board of Elections identifying the source and amount of the funds. The State Board of Elections shall specify the form and manner of making the report.

(5) Repealed by Session Laws 1985, c. 164, s. 1.

(5a) Quarterly Reports. – During even-numbered years during which there is an election for that candidate or in which the campaign committee is supporting a candidate, the treasurer shall file a report by mailing or otherwise delivering it to the Board no later than seven working days after the end of each calendar quarter covering the prior calendar quarter, except that:

a. The report for the first quarter shall also cover the period in April through the seventeenth day before the primary, the first quarter report shall be due seven days after that date, and the second quarter report shall not include that period if a first quarter report was required to be filed; and

b. The report for the third quarter shall also cover the period in October through the seventeenth day before the election, the third quarter report shall be due seven days after that date, and the fourth quarter report shall not include that period if a third quarter report was required to be filed.

(6) Semiannual Reports. – If contributions are received or expenditures made for which no reports are otherwise required by this Article, any and all such contributions and expenditures shall be reported by the last Friday in July, covering the period through the last day of June, and shall be reported by the last Friday in January, covering the period through the last day of December.

(b) Except as otherwise provided in this Article, each report shall be current within seven days prior to the date the report is due and shall list all contributions received and expenditures made which have not been previously reported.

(c) Repealed by Session Laws 1985, c. 164, s. 6.1.

(d) Candidates and committees for municipal offices are not subject to subsections (a), (b) and (c) of this section. Reports for those candidates and committees are covered by Part 2 of this Article.

(e) Notwithstanding subsections (a) through (c) of this section, any political party (including a State, district, county, or precinct committee thereof) which is required to file reports under those subsections and

under the Federal Election Campaign Act of 1971, as amended (2 U.S.C. 434), shall instead of filing the reports required by those subsections, file with the State Board of Elections:

- (1) The organizational report required by subsection (a)(1) of this section, and
- (2) A copy of each report required to be filed under 2 U.S.C. 434, such copy to be filed on the same day as the federal report is required to be filed.

(f) Any report filed under subsection (e) of this section may include matter required by the federal law but not required by this Article.

(g) Any report filed under subsection (e) of this section must contain all the information required by G.S. 163-278.8 or G.S. 163-278.11, notwithstanding that the federal law may set a higher reporting threshold.

(h) Any report filed under subsection (e) of this section may reflect the cumulative totals required by G.S. 163-278.11 in an attachment, if the federal law does not permit such information in the body of the report.

(i) Any report or attachment filed under subsection (e) of this section must be certified.

(j) Treasurers for the following entities shall electronically file each report required by this section that shows a cumulative total for the election cycle in excess of five thousand dollars (\$5,000) in contributions, in expenditures, or in loans, according to rules adopted by the State Board of Elections:

- (1) A candidate for statewide office;
- (2) A State, district, county, or precinct executive committee of a political party, if the committee makes contributions or independent expenditures in excess of five thousand dollars (\$5,000) that affect contests for statewide office;
- (3) A political committee that makes contributions in excess of five thousand dollars (\$5,000) to candidates for statewide office or makes independent expenditures in excess of five thousand dollars (\$5,000) that affect contests for statewide office.

The State Board of Elections shall provide the software necessary to file an electronic report to a treasurer required to file an electronic report at no cost to the treasurer. (1973, c. 1272, s. 1; 1975, c. 565, s. 1; 1979, c. 500, ss. 3, 16; c. 730; 1981, c. 837, s. 2; 1985, c. 164, ss. 1, 6-6.2; 1987 (Reg. Sess., 1988), c. 1028, s. 6; 1991 (Reg. Sess., 1992), c. 1032, s. 10A; 1997-515, ss. 1(a), 4(d1), 5(a), 12(a); 1999-31, s. 7(a), (b); 2001-235, s. 2; 2001-419, s. 7; 2001-487, s. 97(b); 2002-159, s. 21(d).)

§ 163-278.9A. Statements filed by referendum committees.

(a) The treasurer of each referendum committee shall file under verification with the Board the following reports:

- (1) Organizational Report. – The appointment of the treasurer as required by G.S. 163-278.7(a), the statement of organization required by G.S. 163-278.7(b), and a report of all contributions and expenditures shall be filed with the Board no later than the tenth day following the organization of the referendum committee.
- (2) Pre-Referendum Report. – The treasurer shall file a report with the Board no later than the tenth day preceding the referendum.
- (2a) 48-Hour Report. – A referendum committee that receives a contribution or transfer of funds from any political committee shall disclose within 48 hours of receipt a contribution or transfer of one thousand dollars (\$1,000) or more received before a referendum but after the period covered by the last report due before that referendum. The disclosure shall be by report to the State Board of Elections identifying the source and amount of such funds. The State Board of Elections shall specify the form and manner of making the report.
- (3) Final Report. – The treasurer shall file a final report no later than the tenth day after the referendum. If the final report fails to disclose a final accounting of all contributions and expenditures, a supplemental final report shall be filed no later than January 7, after the referendum, and shall be current through December 31 after the referendum.
- (4) Annual Reports. – If contributions are received or expenditures made during a calendar year for which no reports are otherwise required by this Article, any and all such contributions and expenditures shall be reported by January 7 of the following year.

(b) Except as otherwise provided in this Article, each report shall be current within seven days prior to the date the report is due and shall list all contributions received and expenditures made which have not been previously reported. (1979, c. 1073, s. 6; 1997-515, s. 12(b); 2002-159, s. 21(e).)

§ 163-278.10. Procedure for inactive candidate or committee.

If no contribution is received or expenditure made by or on behalf of a candidate, political committee, or referendum committee during a period described in G.S. 163-278.9, the treasurer shall file with the Board, at the time required by G.S. 163-278.9, a statement to that effect and it shall not be required that any inactive candidate or committee so filing a

report of inactivity file any additional reports required by G.S. 163-278.9 so long as the candidate or committee remains inactive. (1973, c. 1272, s. 1; 1979, c. 1073, s. 20.)

§ 163-278.10A. Threshold of \$3,000 for Financial Reports.

(a) Notwithstanding any other provision of this Chapter, a candidate shall be exempted from the reports of contributions, loans, and expenditures required in G.S. 163-278.9(a), 163-278.40B, 163-278.40C, 163-278.40D, and 163-278.40E if to further his campaign that candidate:

- (1) Does not receive more than three thousand dollars (\$3,000) in contributions, and
- (2) Does not receive more than three thousand dollars (\$3,000) in loans, and
- (3) Does not spend more than three thousand dollars (\$3,000).

To qualify for the exemption from those reports, the candidate's treasurer shall file a certification that he does not intend to receive in contributions or loans or expend more than three thousand dollars (\$3,000) to further his campaign. The certification shall be filed with the Board at the same time the candidate files his Organizational Report as required in G.S. 163-278.7, G.S. 163-278.9, and G.S. 163-278.40A. If the candidate's campaign is being conducted by a political committee which is handling all contributions, loans, and expenditures for his campaign, the treasurer of the political committee shall file a certification of intent to stay within the threshold amount. If the intent to stay within the threshold changes, or if the three thousand dollar (\$3,000) threshold is exceeded, the treasurer shall immediately notify the Board and shall be responsible for filing all reports required in G.S. 163-278.9 and 163-278.40B, 163-278.40C, 163-278.40D, and 163-278.40E; provided that any contribution, loan, or expenditure which would have been required to be reported on an earlier report but for this section shall be included on the next report required after the intent changes or the threshold is exceeded.

(b) The exemption in subsection (a) of this section applies to political party committees under the same terms as for candidates, except that the term "to further his campaign" does not relate to a political party committee's exemption, and all contributions, expenditures, and loans during an election shall be counted against the political party committee's threshold amount. (1987 (Reg. Sess., 1988), c. 1028, s. 2; c. 1081, s. 3; 1989, c. 449; c. 770, s. 53; 1997-515, s. 4(e); 2001-235, s. 3.)

§ 163-278.11. Contents of treasurer's statement of receipts and expenditures.

(a) Statements filed pursuant to provisions of this Article shall set forth the following:

- (1) Contributions. – A list of all contributions required to be listed under G.S. 163-278.8 received by or on behalf of a candidate, political committee, or referendum committee. The statement shall list the name and complete mailing address of each contributor, the amount contributed, the principal occupation of the contributor, and the date such contribution was received. The total sum of all contributions to date shall be plainly exhibited. Forms for required reports shall be prescribed by the Board. As used in this section, "principal occupation of the contributor" means the contributor's:

- a. Job title or profession; and
- b. Employer's name or employer's specific field of business activity.

The State Board of Elections shall prepare a schedule of specific fields of business activity, adapting or modifying as it deems suitable the business activity classifications of the Internal Revenue Code or other relevant classification schedules. In reporting a contributor's specific field of business activity, the treasurer shall use the classification schedule prepared by the State Board.

- (2) Expenditures. – A list of all expenditures required under G.S. 163-278.8 made by or on behalf of a candidate, political committee, or referendum committee. The statement shall list the name and complete mailing address of each payee, the amount paid, the purpose, and the date such payment was made. The total sum of all expenditures to date shall be plainly exhibited. Forms for required reports shall be prescribed by the Board.

- (3) Loans. – Every candidate and treasurer shall attach to the campaign transmittal submitted with each report an addendum listing all proceeds derived from loans for funds used or to be used in this campaign. The addendum shall be in the form as prescribed by the State Board of Elections and shall list the amount of the loan, the source, the period, the rate of interest, and the security pledged, if any, and all makers and endorsers.

(b) Statements shall reflect anything of value paid for or contributed by any person or individual, both as a contribution and expenditure. A political party executive committee that makes an expenditure that benefits a candidate or group of candidates shall report the expenditure, including the date, amount, and purpose of the

expenditure and the name of and office sought by the candidate or candidates on whose behalf the expenditure was made. A candidate who benefits from the expenditure shall report the expenditure or the proportionate share of the expenditure from which the candidate benefitted as an in-kind contribution if the candidate or the candidate's committee has coordinated with the political party executive committee concerning the expenditure.

(c) Best Efforts. – When a treasurer shows that best efforts have been used to obtain, maintain, and submit the information required by this Article for the candidate or political committee, any report of that candidate or committee shall be considered in compliance with this Article. The State Board of Elections shall promulgate rules that specify what are "best efforts" for purposes of this Article, adapting as it deems suitable the provisions of 11 C.F.R. § 104.7. The rules shall include the provision that if the treasurer, after complying with the rules, does not know the occupation of the contributor, it shall suffice for the treasurer to report "unable to obtain". (1973, c. 1272, s. 1; 1977, c. 635, s. 2; 1979, c. 1073, s. 20; 1997-515, ss. 2(a), 2(b), 3(a).)

§ 163-278.12. Special reporting of contributions and independent expenditures.

(a) Subject to G.S. 163-278.39 and G.S. 163-278.14, individuals and other entities not otherwise prohibited from doing so may make independent expenditures. In the event an individual or other entity making independent expenditures but not otherwise required to report them makes independent expenditures in excess of one hundred dollars (\$100.00), that individual or entity shall file a statement of such independent expenditure with the appropriate board of elections in the manner prescribed by the State Board of Elections.

(b) Any entity other than an individual that is permitted to make contributions but is not otherwise required to report them shall report each contribution in excess of one hundred dollars (\$100.00) with the appropriate board of elections in the manner prescribed by the State Board of Elections.

(c) In assuring compliance with subsections (a) and (b) of this section, the State Board of Elections shall require the identification of each entity making a donation of more than one hundred dollars (\$100.00) to the entity filing the report if the donation was made for the purpose of furthering the reported independent expenditure or contribution.

(d) Contributions or expenditures required to be reported under this section shall be reported within 30 days after they exceed one hundred dollars (\$100.00) or 10 days before an election the contributions or expenditures affect, whichever occurs earlier. (1973, c. 1272, s. 1; 1979, c. 107, s. 15; c. 1073, s. 20; 1999-31, s. 2(d); 2004-127, s. 16.)

§ 163-278.12A: Repealed by Session Laws 2004-125, s. 4, effective July 20, 2004.

§ 163-278.13. Limitation on contributions.

(a) No individual, political committee, or other entity shall contribute to any candidate or other political committee any money or make any other contribution in any election in excess of four thousand dollars (\$4,000) for that election.

(b) No candidate or political committee shall accept or solicit any contribution from any individual, other political committee, or other entity of any money or any other contribution in any election in excess of four thousand dollars (\$4,000) for that election.

(c) Notwithstanding the provisions of subsections (a) and (b) of this section, it shall be lawful for a candidate or a candidate's spouse, parents, brothers and sisters to make a contribution to the candidate or to the candidate's treasurer of any amount of money or to make any other contribution in any election in excess of four thousand dollars (\$4,000) for that election.

(d) For the purposes of this section, the term "an election" means any primary, second primary, or general election in which the candidate or political committee may be involved, without regard to whether the candidate is opposed or unopposed in the election, except that where a candidate is not on the ballot in a second primary, that second primary is not "an election" with respect to that candidate.

(e) This section shall not apply to any national, State, district or county executive committee of any political party. For the purposes of this section only, the term "political party" means only those political parties officially recognized under G.S. 163-96.

(e1) No referendum committee which received any contribution from a corporation, labor union, insurance company, business entity, or professional association may make any contribution to another referendum committee, to a candidate or to a political committee.

(e2) In order to make meaningful the provisions of Article 22D of this Chapter, the following provisions shall apply with respect to candidates for justice of the Supreme Court and judge of the Court of Appeals:

- (1) No candidate shall accept, and no contributor shall make to that candidate, a contribution in any election exceeding one thousand dollars (\$1,000) except as provided for elsewhere in this subsection.
- (2) A candidate may accept, and a family contributor may make to that candidate, a contribution not exceeding two thousand dollars (\$2,000) in an election if the contributor is that candidate's parent, child, brother, or sister.
- (3) No candidate shall accept, and no contributor shall make to that candidate, a contribution during the period

beginning 21 days before the day of the general election and ending the day after the general election. This subdivision applies with respect to a candidate opposed in the general election by a certified candidate as defined in Article 22D of this Chapter who has not received the maximum rescue funds available under G.S. 163-278.67. The recipient of a contribution that apparently violates this subdivision has three days to return the contribution or file a detailed statement with the State Board of Elections explaining why the contribution does not violate this subdivision.

As used in this subsection, "candidate" is also a political committee authorized by the candidate for that candidate's election. Nothing in this subsection shall prohibit a candidate or the spouse of that candidate from making a contribution or loan secured entirely by that individual's assets to that candidate's own campaign.

(f) Any individual, candidate, political committee, referendum committee, or other entity that violates the provisions of this section is guilty of a Class 2 misdemeanor. (1973, c. 1272, s. 1; 1979, c. 1073, ss. 8, 20; 1981, c. 225; 1987, c. 565, s. 15; 1993, c. 539, s. 1113; 1994, Ex. Sess., c. 24, s. 14(c); 1997-515, s. 8(a); 1999-31, s. 5(c); 2002-158, s. 2.)

§ 163-278.13A: Repealed by Session Laws 1997-515, s. 9.

§ 163-278.13B. Limitation on fund-raising during legislative session.

(a) Definitions. – For purposes of this section:

- (1) "Limited contributor" means a lobbyist registered pursuant to Article 9A of Chapter 120 of the General Statutes, that lobbyist's agent, that lobbyist's principal as defined in G.S. 120-47.1(7), or a political committee that employs or contracts with or whose parent entity employs or contracts with a lobbyist registered pursuant to Article 9A of Chapter 120 of the General Statutes.
- (2) "Limited contributee" means a member of or candidate for the Council of State, a member of or candidate for the General Assembly.
- (3) The General Assembly is in "regular session" from the date set by law or resolution that the General Assembly convenes until the General Assembly either adjourns sine die or recesses or adjourns for more than 10 days.
- (4) A contribution is "made" during regular session if the check or other instrument is dated during the session, or if the check or other instrument is delivered to the limited contributee during session, or if the limited contributor

pledges during the session to deliver the check or other instrument at a later time.

- (5) A contribution is "accepted" during regular session if the check or other instrument is dated during the session, or if the limited contributee receives the check or other instrument during session and does not return it within 10 days, or agrees during session to receive the check or other instrument at a later time.

(b) Prohibited Solicitations. – While the General Assembly is in regular session, no limited contributee or the real or purported agent of a limited contributee shall:

- (1) Solicit a contribution from a limited contributor to be made to that limited contributee or to be made to any other candidate, officeholder, or political committee; or
- (2) Solicit a third party, requesting or directing that the third party directly or indirectly solicit a contribution from a limited contributor or relay to the limited contributor the limited contributee's solicitation of a contribution.

It shall not be deemed a violation of this section for a limited contributee to serve on a board or committee of an organization that makes a solicitation of a limited contributor as long as that limited contributee does not directly participate in the solicitation and that limited contributee does not directly benefit from the solicitation.

(c) Prohibited Contributions. – While the General Assembly is in regular session:

- (1) No limited contributor shall make or offer to make a contribution to a limited contributee.
- (2) No limited contributor shall make a contribution to any candidate, officeholder, or political committee, directing or requesting that the contribution be made in turn to a limited contributee.
- (3) No limited contributor shall transfer any amount of money or anything of value to any entity, directing or requesting that the entity use what was transferred to contribute to a limited contributee.
- (4) No limited contributee or the real or purported agent of a limited contributee prohibited from solicitation by subsection (b) of this section shall accept a contribution from a limited contributor.
- (5) No limited contributor shall solicit a contribution from any individual or political committee on behalf of a limited contributee. This subdivision does not apply to a limited contributor soliciting a contribution on behalf of a political party executive committee if the solicitation is solely for a separate segregated fund kept by the political party limited to use for activities that are not

candidate-specific, including generic voter registration and get-out-the-vote efforts, pollings, mailings, and other general activities and advertising that do not refer to a specific individual candidate.

(d) Exception. – The provisions of this section do not apply with regard to a limited contributee during the three weeks prior to the day of a second primary if that limited contributee is a candidate who will be on the ballot in that second primary.

(e) Prosecution. – A violation of this section is a Class 2 misdemeanor. (1997-515, s. 9(b); 1999-31, s. 5(d); 1999-453, s. 6(a); 2000-136, s. 1.)

§ 163-278.14. No contributions in names of others; no anonymous contributions; contributions in excess of one hundred dollars.

(a) No individual, political committee, or other entity shall make any contribution anonymously, except as provided in G.S. 163-278.8(d), or in the name of another. No candidate, political committee, referendum committee, political party, or treasurer shall knowingly accept any contribution made by any individual or person in the name of another individual or person or made anonymously except as provided in G.S. 163-278.8(d). If a candidate, political committee, referendum committee, political party, or treasurer receives anonymous contributions or contributions determined to have been made in the name of another, he shall pay the money over to the Board, by check, and all such moneys received by the Board shall be deposited in the Civil Penalty and Forfeiture Fund of the State of North Carolina.

(b) No entity shall give, and no candidate, committee or treasurer shall accept, any monetary contribution in excess of one hundred dollars (\$100.00) unless such contribution be in the form of a check, draft, money order, credit card charge, debit, or other noncash method that can be subject to written verification. The State Board of Elections may prescribe guidelines as to the reporting and verification of any method of contribution payment allowed under this Article. For a contribution made by credit card, the credit card account number of a contributor is not a public record.

(c) No political committee or referendum committee shall make any contribution unless in doing so it reports to the recipient the contributor's name as required in G.S. 163-278.7(b)(1). (1973, c. 1272, s. 1; 1979, c. 1073, s. 19; 1987, c. 113, s. 2; 1999-453, s. 4(a); 2001-319, s. 10(a); 2002-159, s. 55(k); 2004-125, s. 5(b).)

§ 163-278.14A. Evidence that communications are "to support or oppose the nomination or election of one or more clearly identified candidates."

(a) Either of the following shall be means, but not necessarily the exclusive or conclusive means, of proving that an individual or other entity acted "to support or oppose the nomination or election of one or more clearly identified candidates":

- (1) Evidence of financial sponsorship of communications to the general public that use phrases such as "vote for", "reelect", "support", "cast your ballot for", "(name of candidate) for (name of office)", "(name of candidate) in (year)", "vote against", "defeat", "reject", "vote pro-(policy position)" or "vote anti-(policy position)" accompanied by a list of candidates clearly labeled "pro-(policy position)" or "anti-(policy position)", or communications of campaign words or slogans, such as posters, bumper stickers, advertisements, etc., which say "(name of candidate)'s the One", "(name of candidate) '98", "(name of candidate)!", or the names of two candidates joined by a hyphen or slash.
- (2) Evidence of financial sponsorship of communications whose essential nature expresses electoral advocacy to the general public and goes beyond a mere discussion of public issues in that they direct voters to take some action to nominate, elect, or defeat a candidate in an election. If the course of action is unclear, contextual factors such as the language of the communication as a whole, the timing of the communication in relation to events of the day, the distribution of the communication to a significant number of registered voters for that candidate's election, and the cost of the communication may be considered in determining whether the action urged could only be interpreted by a reasonable person as advocating the nomination, election, or defeat of that candidate in that election.

(b) Notwithstanding the provisions of subsection (a) of this section, a communication shall not be subject to regulation as a contribution or expenditure under this Article if it:

- (1) Appears in a news story, commentary, or editorial distributed through the facilities of any broadcasting station, newspaper, or magazine, unless those facilities are owned or controlled by any political party, or political committee;
- (2) Is distributed by a corporation solely to its stockholders and employees; or
- (3) Is distributed by any organization, association, or labor union solely to its members or to subscribers or

recipients of its regular publications, or is made available to individuals in response to their request, including through the Internet. (1999-453, s. 3(a).)

§ 163-278.15. No acceptance of contributions made by corporations, foreign and domestic.

No candidate, political committee, political party, or treasurer shall accept any contribution made by any corporation, foreign or domestic, regardless of whether such corporation does business in the State of North Carolina. This section does not apply with regard to entities permitted to make contributions by G.S. 163-278.19(f). (1973, c. 1272, s. 1; 1999-31, s. 5(e).)

§ 163-278.16. Regulations regarding timing of contributions and expenditures.

(a) Except as provided in G.S. 163-278.6(14) and G.S. 163-278.12, no contribution may be received or expenditure made by or on behalf of a candidate, political committee, or referendum committee:

- (1) Until the candidate, political committee, or referendum committee appoints a treasurer and certifies the name and address of the treasurer to the Board; and
- (2) Unless the contribution is received or the expenditure made by or through the treasurer of the candidate, political committee, or referendum committee.

(b) through (e) Repealed by Session Laws 1975, c. 565, s. 2.

(f), (g) Repealed by Session Laws 1999-453, s. 2(b). (1973, c. 1272, s. 1; 1975, c. 565, s. 2; 1979, c. 500, s. 4; c. 1073, ss. 19, 20; 1987, c. 652; 1997-515, s. 13.1(a); 1999-31, ss. 1(d), 4(b); 1999-453, s. 2(b).)

§ 163-278.16A. Restriction on use of State funds by declared candidate for Council of State for advertising or public service announcements using their names, pictures, or voices.

After December 31 prior to a general election in which a Council of State office will be on the ballot, no declared candidate for that Council of State office shall use or permit the use of State funds for any advertisement or public service announcement in a newspaper, on radio, or on television that contains that declared candidate's name, picture, or voice, except in case of State or national emergency and only if the announcement is reasonably necessary to that candidate's official function. For purposes of this section, "declared candidate" means someone who has publicly announced an intention to run. (1997-515, s. 13(a).)

§ 163-278.17. Statements of media receiving campaign expenditures.

(a) Repealed by Session Laws 1985, c. 183, s. 1.

(b) Each media shall require written authority for each expenditure from each candidate, treasurer or individual making or authorizing an expenditure.

A candidate may authorize advertisement paid for by a treasurer appointed by the candidate. All authorizations of expenditures signed by a candidate, treasurer or individual shall be deemed public records and copies of said authorizations shall be available for inspection during normal business hours at the office(s) of the media making the publication or broadcast nearest to the place(s) of publication or broadcast.

(c) Repealed by Session Laws 1985, c. 183, s. 2. (1973, c. 1272, s. 1; 1975, c. 565, s. 3; 1979, c. 500, ss. 5, 6; c. 1073, s. 9; 1985, c. 183, ss. 1, 2.)

§ 163-278.18. Normal commercial charges for political advertising.

(a) No media and no supplier of materials or services shall charge or require a candidate, treasurer, political party, or individual to pay a charge for advertising, materials, space, or services purchased for or in support of or in opposition to any candidate, political committee, or political party that is higher than the normal charge it requires other customers to pay for comparable advertising, materials, space, or services purchased for other purposes.

(b) A newspaper, magazine, or other advertising medium shall not charge any candidate, treasurer, political committee, political party, or individual for any advertising for or in support of or in opposition to any candidate, political committee or political party at a rate higher than the comparable rate charged to other persons for advertising of comparable frequency and volume; and every candidate, treasurer, political party or individual, with respect to political advertising, shall be entitled to the same discounts afforded by the advertising medium to other advertisers under comparable conditions and circumstances. (1973, c. 1272, s. 1; 1977, c. 856.)

§ 163-278.19. Violations by corporations, business entities, labor unions, professional associations and insurance companies.

(a) Except as provided in subsections (b), (d), (e), (f), and (g) of this section it shall be unlawful for any corporation, business entity, labor union, professional association or insurance company directly or indirectly:

- (1) To make any contribution to a candidate or political committee (except a loan of money by a national or State bank or federal or State savings and loan association made in accordance with the applicable banking or

savings and loan association laws and regulations and in the ordinary course of business) or to make any expenditure to support or oppose the nomination or election of a clearly identified candidate;

(2) To pay or use or offer, consent or agree to pay or use any of its money or property for any contribution to a candidate or political committee or for any expenditure to support or oppose the nomination or election of a clearly identified candidate; or

(3) To compensate, reimburse, or indemnify any person or individual for money or property so used or for any contribution or expenditure so made;

and it shall be unlawful for any officer, director, stockholder, attorney, agent or member of any corporation, business entity, labor union, professional association or insurance company to aid, abet, advise or consent to any such contribution or expenditure, or for any person or individual to solicit or knowingly receive any such contribution or expenditure. Supporting or opposing the election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified political party. Any officer, director, stockholder, attorney, agent or member of any corporation, business entity, labor union, professional association or insurance company aiding or abetting in any contribution or expenditure made in violation of this section shall be guilty of a Class 2 misdemeanor, and shall in addition be liable to such corporation, business entity, labor union, professional association or insurance company for the amount of such contribution or expenditure, and the same may be recovered of him upon suit by any stockholder or member thereof.

(a1) A transfer of funds shall be deemed to have been a contribution or expenditure made indirectly if it is made to any committee or political party account, whether inside or outside this State, with the intent or purpose of being exchanged in whole or in part for any other funds to be contributed or expended in an election for North Carolina office or to offset any other funds contributed or expended in an election for North Carolina office.

(b) It shall, however, be lawful for any corporation, business entity, labor union, professional association or insurance company to communicate with its employees, stockholders or members and their families on any subject; to conduct nonpartisan registration and get-out-the-vote campaigns aimed at their employees, stockholders, or members and their families; or for officials and employees of any corporation, insurance company or business entity or the officials and members of any labor union or professional association to establish, administer, contribute to, and to receive and solicit contributions to a separate segregated fund to be utilized for political purposes, except as provided in G.S. 163-278.20, and those individuals shall be deemed to

become and be a political committee as that term is defined in G.S. 163-278.6(14) or a referendum committee as defined in G.S. 163-278.6(18b); provided, however, that it shall be unlawful for any such fund to make a contribution or expenditure by utilizing contributions secured by physical force, job discrimination, financial reprisals or the threat of force, job discrimination or financial reprisals, or by dues, fees, or other moneys required as a condition of membership or employment or as a requirement with respect to any terms or conditions of employment, including, without limitation, hiring, firing, transferring, promoting, demoting, or granting seniority or employment-related benefits of any kind, or by moneys obtained in any commercial transaction whatsoever.

(c) A violation of this section is a Class 2 misdemeanor. In addition, the acceptance of any contribution, expenditure, payment, reimbursement, indemnification, or anything of value under subsection (a) shall be a Class 2 misdemeanor.

(d) Whenever a candidate or treasurer is an officer, director, stockholder, attorney, agent, or employee of any corporation, business entity, labor union, professional association or insurance company, and by virtue of his position therewith uses office space and communication facilities of the corporation, business entity, labor union, professional association or insurance company in the normal and usual scope of his employment, the fact that the candidate or treasurer receives telephone calls, mail, or visits in such office which relates to activities prohibited by this Article shall not be considered a violation under this section.

(e) Notwithstanding the prohibitions specified in this Article and Article 22 of this Chapter, a political committee organized under provisions of this Article shall be entitled to receive and the corporation, business entity, labor union, professional association, or insurance company designated on the committee's organizational report as the parent entity of the employees or members who organized the committee is authorized to give reasonable administrative support that shall include, but not be limited to, record keeping, computer services, billings, mailings to members of the committee, and such other support as is reasonably necessary for the administration of the committee.

The approximate cost of any record keeping, computer services, billings, mailings, office supplies, and office space provided on a continuing basis shall be submitted to the committee, in writing, and the committee shall include that cost on the report required by G.S. 163-278.9(a)(6). Also included in the report shall be the approximate allocable portion of the compensation of any officer or employee of the corporation, business entity, labor union, professional association, or insurance company who has devoted more than thirty-five percent (35%) of his time during normal business hours of the corporation, business entity, labor union, professional association, or insurance company during the period covered by the required report. The approximate cost

submitted by the parent corporation, business entity, labor union, professional association, or insurance company shall be entered on the committee's report as the final entry on its list of "contributions" and a copy of the written approximate cost received by it shall be attached.

The administrative support given by a corporation, business entity, labor union, professional association, or insurance company shall be designated on the books of the corporation, business entity, labor union, professional association, or insurance company as such and may not be treated by it as a business deduction for State income tax purposes.

(f) This section does not prohibit a contribution or independent expenditure by an entity that:

- (1) Has as an express purpose promoting social, educational, or political ideas and not to generate business income;
- (2) Does not have shareholders or other persons which have an economic interest in its assets and earnings; and
- (3) Was not established by a business corporation, by an insurance company, by a business entity, including, but not limited to, those chartered under Chapter 55, Chapter 55A, Chapter 55B, or Chapter 58 of the General Statutes, by a professional association, or by a labor union and does not receive substantial revenue from such entities. Substantial revenue is rebuttably presumed to be more than ten percent (10%) of total revenues in a calendar year.

(g) If a political committee has as its only purpose accepting contributions and making expenditures to influence elections, and that political committee incorporates as a nonprofit corporation to shield its participants from liability created outside this Chapter, that political committee is not considered to be a corporation for purposes of this section. Incorporation of a political committee does not relieve any individual, person, or other entity of any liability, duty, or obligation created pursuant to any provision of this Chapter. To obtain the benefits of this subsection, an incorporating political committee must state exactly the following language as the only purpose for which the corporation can be organized: "to accept contributions and make expenditures to influence elections as a political committee pursuant to G.S. 163-278.6(14) only." No political committee shall do business as a political committee after incorporation unless it has been certified by the State Board of Elections as being in compliance with this subsection. (1973, c. 1272, s. 1; 1975, c. 565, s. 6; 1979, c. 517, ss. 1, 2; 1985, c. 354; 1987, c. 113, s. 3; c. 565, s. 16; 1993, c. 539, ss. 1115, 1116; c. 553, s. 69; 1994, Ex. Sess., c. 24, s. 14(c); 1999-31, ss. 4(d), 5(a), 6(b); 2001-487, s. 97(a); 2002-159, s. 57.3(a), (b).)

§ 163-278.19A. Contributions allowed.

Notwithstanding any other provision of this Chapter, it is lawful for any person as defined in G.S. 163-278.6(13) to contribute to a referendum committee. (1979, c. 1073, s. 7.)

§ 163-278.19B. Political party headquarters building funds.

Notwithstanding the provisions of G.S. 163-278.19, a person prohibited by that section from making a contribution may donate to political parties and political parties may accept from such a person money and other things of value donated to a political party headquarters building fund. Donations to the political party headquarters building fund shall be subject to all the following rules:

- (1) The donations solicited and accepted are designated to the political party headquarters building fund.
- (2) Potential donors to that fund are advised that all donations will be exclusively for the political party headquarters building fund.
- (3) The political party establishes a separate segregated bank account into which shall be deposited only donations for the political party headquarters building fund from persons prohibited by G.S. 163-278.19 from making contributions.
- (4) The donations deposited in the separate segregated bank account for the political party headquarters building fund will be spent only to purchase a headquarters building, to construct a headquarters building, to renovate a headquarters building, to pay a mortgage on a headquarters building, or to repay donors if a headquarters building is not purchased, constructed, or renovated. Donations deposited into that account shall not be used for headquarters rent, utilities, or equipment other than fixtures.
- (5) The political party executive committee shall report donations to and spending by a political party headquarters building fund on every report required to be made by G.S. 163-278.9. If a committee is excused from making general campaign finance reports under G.S. 163-278.10A, that committee shall nonetheless report donations in any amount to and spending in any amount by the political party headquarters building fund at the times required for reports in G.S. 163-278.9.

If all the criteria set forth in subdivisions (1) through (5) of this section are complied with, then donations to and spending by a political party headquarters building fund do not constitute contributions or expenditures as defined in G.S. 163-278.6. If those criteria are complied

with, then donations may be made to a political party headquarters building fund. (1999-426, s. 9(a).)

§ 163-278.20. Disclosure before soliciting contributions.

(a) It shall be unlawful for one or more individuals acting in concert, or for any group, committee, club or organization, of any type or nature, of two or more individuals, to solicit, attempt to solicit, or receive contributions for the purpose of supporting a candidate, political committee, referendum committee, or political party without first clearly advising those solicited as follows:

- (1) The name of the candidate(s) for whom the contribution will be used; or
- (2) The name of the political committee or party for which the funds will be used; or
- (3) That a decision will be reached later as to the candidate(s), political committee(s), or political party(ies) to be supported and that the contributions solicited will be expended in a manner and for a purpose to be determined at a future date but no later than 20 days prior to the pending primary or general election; or
- (4) The name of the referendum committee for which the funds will be used.

(b) A violation of this section is a Class 2 misdemeanor. (1973, c. 1272, s. 1; 1979, s. 1073, ss. 10, 19; 1989, c. 94; 1993, c. 539, s. 1117; 1994, Ex. Sess., c. 24, s. 14(c).)

§ 163-278.21. Promulgation of policy and administration through State Board of Elections.

The State Board of Elections shall have responsibility, adequate staff, equipment and facilities, for promulgating all regulations necessary for the enforcement and administration of this Article and to prevent the circumvention of the provisions of this Article. The State Board of Elections shall empower the Executive Director with the responsibility for the administrative operations required to administer this Article and may delegate or assign to him such other duties from time to time by regulations or orders of the State Board of Elections. (1973, c. 1272, s. 1; 1975, c. 798, s. 7; 1999-453, s. 5(c); 2001-319, s. 11.)

§ 163-278.22. Duties of State Board.

It shall be the duty and power of the State Board:

- (1) To prescribe forms of statements and other information required to be filed by this Article, to furnish such forms to the county boards of elections and individuals, media or others required to file such statements and information, and to prepare, publish and distribute or cause to be distributed to all candidates at the time they

file notices of candidacy a manual setting forth the provisions of this Article and a prescribed uniform system for accounts required to file statements by this Article.

- (2) To accept and file any information voluntarily supplied that exceeds the requirements of this Article.
- (3) To develop a filing, coding, and cross-indexing system consonant with the purposes of this Article.
- (4) To make statements and other information filed with it available to the public at a charge not to exceed actual cost of copying.
- (5) To preserve reports and statements filed under this Article. Such reports and statements, after a period of two years following the election year, may be transferred to the Department of Cultural Resources, Office of Archives and History, and shall be preserved for a period of 10 years.
- (6) To prepare and publish such reports as it may deem appropriate.
- (7) To make investigations to the extent the Board deems necessary with respect to statements filed under the provisions of this Article and with respect to alleged failures to file any statement required under the provisions of this Article, and, upon complaint under oath by any registered voter, with respect to alleged violations of any part of this Article.
- (8) After investigation, to report apparent violations by candidates, political committees, referendum committees, individuals or persons to the proper district attorney as provided in G.S. 163-278.27.
- (9) To prescribe and furnish forms of statements and other material to the county boards of elections for distribution to candidates and committees required to be filed with the county boards.
- (10) To instruct the chairman and director of elections of each county board as to their respective duties and responsibilities relative to the administration of this Article.
- (11) To require appropriate certification of delinquent or late filings from the county boards of elections and to execute the same responsibilities relative to such reports as provided in G.S. 163-278.27.
- (12) To assist county boards of elections in resolving questions arising from the administration of this Article.
- (13) To require county boards of elections to hold such hearings, make such investigations, and make reports to

the State Board as the State Board deems necessary in the administration of this Article.

- (14) To calculate, assess, and collect civil penalties pursuant to this Article. (1973, c. 1272, s. 1; 1975, c. 798, s. 8; 1977, c. 626, s. 1; 1979, c. 500, ss. 9, 12, 13; c. 1073, s. 18; 1995, c. 243, s. 1; 1997-515, s. 7(e); 2002-159, s. 35(n).)

§ 163-278.23. Duties of Executive Director of Board.

The Executive Director of the Board shall inspect or cause to be inspected each statement filed with the Board under this Article within 30 days after the date it is filed. The Executive Director shall advise, or cause to be advised, no more than 30 days and at least five days before each report is due, each candidate or treasurer whose organizational report has been filed, of the specific date each report is due. He shall immediately notify any individual, candidate, treasurer, political committee, referendum committee, media, or other entity that may be required to file a statement under this Article if:

- (1) It appears that the individual, candidate, treasurer, political committee, referendum committee, media, or other entity has failed to file a statement as required by law or that a statement filed does not conform to this Article; or
- (2) A written complaint is filed under oath with the Board by any registered voter of this State alleging that a statement filed with the Board does not conform to this Article or to the truth or that an individual, candidate, treasurer, political committee, referendum committee, media, or other entity has failed to file a statement required by this Article.

The entity that is the subject of the complaint will be given an opportunity to respond to the complaint before any action is taken requiring compliance.

The Executive Director of the Board of Elections shall issue written opinions to candidates, the communications media, political committees, referendum committees, or other entities upon request, regarding filing procedures and compliance with this Article. Any such opinion so issued shall specifically refer to this paragraph. If the candidate, communications media, political committees, referendum committees, or other entities rely on and comply with the opinion of the Executive Director of the Board of Elections, then prosecution or civil action on account of the procedure followed pursuant thereto and prosecution for failure to comply with the statute inconsistent with the written ruling of the Executive Director of the Board of Elections issued to the candidate or committee involved shall be barred. Nothing in this paragraph shall be construed to prohibit or delay the regular and timely filing of reports. The

Executive Director shall file all opinions issued pursuant to this section with the Codifier of Rules to be published unedited in the North Carolina Register and the North Carolina Administrative Code. (1973, c. 1272, s. 1; 1975, c. 334; c. 565, s. 4; 1979, c. 500, s. 7; c. 1073, ss. 12, 13, 17; 1985, c. 759, s. 6.1; 1999-424, s. 6(c); 1999-453, s. 5(b); 1999-456, s. 63; 2001-319, s. 11.)

§ 163-278.24. Statements examined within four months.

Within four months after the date of each election or referendum, the Executive Director shall examine or cause to be examined each statement filed with the Board under this Article, and, referring to the election or referendum, determine whether the statement conforms to law and to the truth. (1973, c. 1272, s. 1; 1979, c. 500, s. 8; c. 1073, s. 14; 1985, c. 183, s. 3; 2001-319, s. 11.)

§ 163-278.25. Issuance of declaration of nomination or certificate of election.

No declaration of nomination and no certificate of election shall be granted to any candidate until the candidate or his treasurer has filed the statements referring to the election he is required to file under this Article. Within 24 hours after reaching a decision that a declaration of nomination or certificate of election should not be granted, the Board shall give written notice of that decision, by telegraph or certified mail, to the candidate and the candidate's treasurer. Failure to grant certification shall not affect a successful candidate's title to an office to which he has been otherwise duly elected. (1973, c. 1272, s. 1.)

§ 163-278.26. Appeals from State Board of Elections; early docketing.

Any candidate for nomination or election who is denied a declaration of nomination or certificate of election, pursuant to G.S. 163-278.25, may, within five days after the action of the Board under that section, appeal to the Superior Court of Wake County for a final determination of any questions of law or fact which may be involved in the Board's action. The cause shall be entitled "In the Matter of the Candidacy of _____. " It shall be placed on the civil docket of that court and shall have precedence over all other civil actions. In the event of an appeal, the chairman of the Board shall certify the record to the clerk of that court within five days after the appeal is noted.

The record on appeal shall consist of all reports filed by the candidate or his treasurer with the Board pursuant to this Article, and a memorandum of the Board setting forth with particularity the reasons for its action in denying the candidate a declaration of nomination or certificate of election. Written notice of the appeal shall be given to the Board by the candidate or his attorney, and may be effected by mail or

personal delivery. On appeal, the cause shall be heard de novo. (1973, c. 1272, s. 1.)

§ 163-278.27. Criminal penalties; duty to report and prosecute.

(a) Any individual, candidate, political committee, referendum committee, treasurer, person or media who intentionally violates the applicable provisions of G.S. 163-278.7, 163-278.8, 163-278.9, 163-278.10, 163-278.11, 163-278.12, 163-278.13, 163-278.13B, 163-278.14, 163-278.16, 163-278.17, 163-278.18, 163-278.19, 163-278.20, 163-278.39, 163-278.40A, 163-278.40B, 163-278.40C, 163-278.40D or 163-278.40E is guilty of a Class 2 misdemeanor. The statute of limitations shall run from the day the last report is due to be filed with the appropriate board of elections for the election cycle for which the violation occurred.

(b) Whenever the Board has knowledge of or has reason to believe there has been a violation of any section of this Article, it shall report that fact, together with accompanying details, to the following prosecuting authorities:

- (1) In the case of a candidate for nomination or election to the State Senate or State House of Representatives: report to the district attorney of the prosecutorial district in which the candidate for nomination or election resides;
- (2) In the case of a candidate for nomination or election to the office of Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, State Superintendent of Public Instruction, State Attorney General, State Commissioner of Agriculture, State Commissioner of Labor, State Commissioner of Insurance, and all other State elective offices, Justice of the Supreme Court, Judge of the Court of Appeals, judge of a superior court, judge of a district court, and district attorney of the superior court: report to the district attorney of the prosecutorial district in which Wake County is located;
- (3) In the case of an individual other than a candidate, including, without limitation, violations by members of political committees, referendum committees or treasurers: report to the district attorney of the prosecutorial district in which the individual resides; and
- (4) In the case of a person or any group of individuals: report to the district attorney or district attorneys [of] the prosecutorial district or districts in which any of the officers, directors, agents, employees or members of the person or group reside.

(c) Upon receipt of such a report from the Board, the appropriate district attorney shall prosecute the individual or persons alleged to have violated a section or sections of this Article.

(d) As a condition of probation, a sentencing judge may order that the costs incurred by the State Board of Elections in investigating and aiding the prosecution of a case be paid to the State Board of Elections by the defendant on such terms and conditions as set by the judge. (1973, c. 1272, s. 1; 1979, c. 500, s. 10; c. 1073, ss. 15, 19; 1981, c. 837, s. 4; 1987, c. 565, s. 17; 1993, c. 539, s. 1118; 1994, Ex. Sess., c. 24, s. 14(c); 1999-453, s. 2(c); 2001-419, s. 2.)

§ 163-278.28. Issuance of injunctions; special prosecutors named.

(a) The superior courts of this State shall have jurisdiction to issue injunctions or grant any other equitable relief appropriate to enforce the provisions of this Article upon application by any registered voter of the State.

(b) If the Board makes a report to a district attorney under G.S. 163-278.27 and no prosecution is initiated within 45 days after the report is made, any registered voter of the prosecutorial district to whose district attorney a report has been made, or any board of elections in that district, may, by verified affidavit, petition the superior court for that district for the appointment of a special prosecutor to prosecute the individuals or persons who have or who are believed to have violated any section of this Article. Upon receipt of a petition for the appointment of a special prosecutor, the superior court shall issue an order to show cause, directed at the individuals or persons alleged in the petition to be in violation of this Article, why a special prosecutor should not be appointed. If there is no answer to the order, the court shall appoint a special prosecutor. If there is an answer, the court shall hold a hearing on the order, at which both the petitioning and answering parties may be heard, to determine whether a prima facie case of a violation and failure to prosecute exists. If there is such a prima facie case, the court shall so find and shall thereupon appoint a special prosecutor to prosecute the alleged violators. The special prosecutor shall take the oath required of assistant district attorneys by G.S. 7A-63, shall serve as an assistant district attorney pro tem of the appropriate district, and shall prosecute the alleged violators. (1973, c. 1272, s. 1; 1979, c. 500, s. 11.)

§ 163-278.29. Compelling self-incriminating testimony; individual so testifying excused from prosecution.

No individual shall be excused from attending or testifying or producing any books, papers, or other documents before any court upon any proceeding or trial of another for the violation of any of the provisions of this Article, upon the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him, but such individual may be subpoenaed and

required to testify by and for the State relative to any offense arising under the provisions of this Article; but such individual shall not be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter or thing concerning which he may be compelled to testify or produce evidence, documentary or otherwise, and no compelled testimony so given or produced shall be used against him upon any criminal proceeding, but such individual so compelled to testify with respect to any acts of his own shall be immune from prosecution on account thereof. (1973, c. 1272, s. 1.)

§ 163-278.30. Candidates for federal offices to file information reports.

Candidates for nomination in a party primary or for election in a general or special election to the offices of United States Senator, member of the United States House of Representatives, President or Vice-President of the United States shall file with the Board all reports they or political committee treasurers or other agents acting for them are required to file under the Federal Election Campaign Act of 1971, P.L. 92-225, as amended (T. 2, U.S.C. section 439). Those reports shall be filed with the Board at the times required by that act. The Board shall, with respect to those reports, have the following duties only:

- (1) To receive and maintain in an orderly manner all reports and statements required to be filed with it;
- (2) To preserve reports and statements filed under the Federal Election Campaign Act. Such reports and statements, after a period of two years following the election year, may be transferred to the Department of Cultural Resources, Division of Archives and History, and shall be preserved for a period of 10 years or for such period as may be required by federal law.
- (3) To make the reports and statements filed with it available for public inspection and copying during regular office hours, commencing as soon as practicable but not later than the end of the day during which they were received, and to permit copying of any such report or statement by hand or by duplicating machine, requested by any individual, at the expense of such individual; and
- (4) To compile and maintain a current list of all statements or parts of statements pertaining to each candidate.

Any duty of a candidate to file and the State Board to receive and make available under this section may be met by an agreement between the State Board and the Federal Election Commission, the effect of which is for the Federal Election Commission to provide promptly to the State Board the information required by this section. (1973, c. 1272, s. 1; 1979, c. 500, s. 14; 2002-159, s. 55(l).)

§ 163-278.31: Repealed by Session Laws 1985, c. 183, s. 4.

§ 163-278.32. Statements under oath.

Any statement required to be filed under this Article shall be signed and certified as true and correct by the individual, media, candidate, treasurer or others required to file it, and shall be certified as true and correct to the best of the knowledge of the individual, media, candidate, treasurer or others filing the statement; provided further that the candidate shall certify as true and correct to the best of his knowledge the organizational report and appointment of treasurer filed for the candidate or the candidate's principal campaign committee. Any person making a certification under this Article knowing the information to be untrue may be prosecuted for perjury under G.S. 14-209. (1973, c. 1272, s. 1; 1999-426, s. 10(a); 2001-235, s. 1.)

§ 163-278.33. Applicability of Article 22.

Sections 163-271 through 163-278 shall be applicable to the offices covered by this Article and G.S. 163-271 through 163-278 shall be applicable to all elective offices not covered by this Article. (1973, c. 1272, s. 3; 1975, c. 50; c. 565, s. 10; 2002-159, s. 21(f).)

§ 163-278.34. Civil penalties.

(a) Civil Penalties for Late Filing. – Except as provided in G.S. 163-278.9 and G.S. 163-278.9A, all reports, statements or other documents required by this Article to be filed with the Board shall be filed either by manual delivery to or by mail addressed to the Board. Timely filing shall be complete if postmarked on the day the reports, statements or other documents are to be delivered to the Board. If a report, statement or other document is not filed within the time required by this Article, then the individual, person, media, candidate, political committee, referendum committee or treasurer responsible for filing shall pay to the State Board of Elections election enforcement costs and a civil late penalty as follows:

- (1) Two hundred fifty dollars (\$250.00) per day for each day the filing is late for a report that affects statewide elections, not to exceed a total of ten thousand dollars (\$10,000); and
- (2) Fifty dollars (\$50.00) per day for each day the filing is late for a report that affects only nonstatewide elections, not to exceed a total of five hundred dollars (\$500.00).

If the form is filed by mail, no civil late penalty shall be assessed for any day after the date of postmark. No civil late penalty shall be assessed for any day when the Board office at which the report is due is closed. The State Board shall immediately notify, or cause to be notified, late filers, from which reports are apparently due, by mail, of the penalties

under this section. The State Board of Elections may waive a late penalty if it determines there is good cause for the waiver.

(b) Civil Penalties for Illegal Contributions. – If an individual, person, political committee, referendum committee, candidate, or other entity intentionally makes or accepts a contribution in violation of this Article, then that entity shall pay to the State Board of Elections, in an amount to be determined by that Board, a civil penalty and the costs of investigation, assessment, and collection. The civil penalty shall not exceed three times the amount of the unlawful contribution or expenditure involved in the violation. The State Board of Elections may, in addition to the civil penalty, order that the amount unlawfully received be paid to the State Board by check, and any money so received by the State Board shall be deposited in the Civil Penalty and Forfeiture Fund of North Carolina.

(c) Civil Remedies Other Than Penalties. – The State Board of Elections, in lieu of or in addition to imposing a civil penalty under subsection (a) or (b) of this section, may take one or more of the following actions with respect to a violation for which a civil penalty could be imposed:

- (1) Issue an order requiring the violator to cease and desist from the violation found.
- (2) Issue an order to cease receiving contributions and making expenditures until a delinquent report has been filed and any civil penalty satisfied.
- (3) Issue an order requiring the violator to take any remedial action deemed appropriate by the Board.
- (4) Issue an order requiring the violator to file any report, statement, or other information as required by this Article or the rules adopted by the Board.
- (5) Publicly reprimand the violator for the violation.

(d) Facts in Mitigation. – An individual or other entity notified that a penalty has been assessed against it may submit an affidavit to the State Board of Elections stating the facts in mitigation. The State Board of Elections may waive a civil penalty in whole or in part if it determines there is good cause for the waiver.

(e) Calculation and Assessment. – The State Board shall calculate and assess the amount of the civil penalty due under subsection (a) or (b) of this section and shall notify the person who is assessed the civil penalty of the amount. The notice of assessment shall be served by any means authorized under G.S. 1A-1, Rule 4, and shall direct the violator either to pay the assessment or to contest the assessment within 30 days by filing a petition for a contested case under Article 3 of Chapter 150B of the General Statutes. If a violator does not pay a civil penalty assessed by the Board within 30 days after it is due, the Board shall request the Attorney General to institute a civil action to recover the amount of the assessment. The civil action may be brought in the superior court of any

county where the report was due to be filed or any county where the violator resides or maintains an office. A civil action must be filed within three years of the date the assessment was due. An assessment that is not contested is due when the violator is served with a notice of assessment. An assessment that is contested is due at the conclusion of the administrative and judicial review of the assessment. The State Board of Elections shall pay the clear proceeds of civil penalties collected under this section to the Civil Penalty and Forfeiture Fund pursuant to G.S. 115C-457.2. The State Board of Elections shall reduce the monies collected by the enforcement costs and the collection costs to determine the clear proceeds payable to the Civil Penalty and Forfeiture Fund. Monies set aside for the costs of enforcement and the costs of collection shall be credited to accounts of the State Board of Elections.

(f) Notifying and Consulting With District Attorney. – Before assessing a civil penalty under subsection (b) of this section or imposing a civil remedy under subsection (c) of this section, the State Board of Elections shall notify and consult with the district attorney who would be responsible under G.S. 163-278.27 for bringing a criminal prosecution concerning the violation. (1973, c. 1272, s. 1; 1975, c. 565, s. 5; 1979, c. 1073, s. 19; 1997-515, s. 7(a); 2001-353, s. 10; 2001-419, s. 1.)

§ 163-278.34A. Presumptions.

In any proceeding brought pursuant to this Article in which a presumption arises from the proof of certain facts, the defendant may offer some evidence to rebut the presumption, but the State bears the ultimate burden of proving the essential elements of its case. (1999-31, s. 1(c); 1999-453, s. 3.1(a).)

§ 163-278.35. Preservation of records.

All reports, records and accounts required by this Article to be made, kept, filed, or maintained by any individual, media, candidate or treasurer shall be preserved and retained by the individual, media, candidate or treasurer for at least two years counting from the date of the election to which such reports, records and accounts refer. (1973, c. 1272, s. 1.)

§ 163-278.36. Elected officials to report funds.

All donations to, and all payments from any "booster fund," "support fund," "unofficial office account" or any other similar source made or used in support of an individual's candidacy for elective office, or in support of an individual's duties and activities while in an elective office shall be deemed contributions and expenditures as defined in this Article and shall be reported as contributions and expenditures as required by this Article. The reports due in January and July of each year shall show the balance of each separate fund or account maintained on behalf of the elected office holder. (1977, c. 615; 1999-31, s. 4(c).)

§ 163-278.37. County boards of elections to preserve reports.

The county boards of elections shall preserve all reports and statements filed with them pursuant to this Article for such period of time as directed by the State Board of Elections. (1979, c. 500, s. 15.)

§ 163-278.38. Effect of failure to comply.

The failure to comply with the provisions of this Article shall not invalidate the results of any referendum. (1979, c. 1073, s. 11.)

Part 1A. Disclosure Requirements for Media Advertisements.

§ 163-278.38Z. Definitions.

As used in this Part:

- (1) "Advertisement" means any message appearing in the print media, on television, or on radio that constitutes a contribution or expenditure under this Article.
- (2) "Candidate" means any individual who, with respect to a public office listed in G.S. 163-278.6(18), has filed a notice of candidacy or a petition requesting to be a candidate, or has been certified as a nominee of a political party for a vacancy, or has otherwise qualified as a candidate in a manner authorized by law, or has filed a statement of organization under G.S. 163-278.7 and is required to file periodic financial disclosure statements under G.S. 163-278.9.
- (3) "Candidate campaign committee" means any political committee organized by or under the direction of a candidate.
- (4) "Full-screen" means the only picture appearing on the television screen during the oral disclosure statement contains the disclosing person, that the picture occupies all visible space on the television screen, and that the image of the disclosing person occupies at least fifty percent (50%) of the vertical height of the television screen.
- (5) "Political action committee" has the same meaning as "political committee" in G.S. 163-278.6(14), except that "political action committee" does not include any political party or political party organization.
- (6) "Political party organization" means any political party executive committee or any political committee that operates under the direction of a political party executive committee or political party chair.
- (7) "Print media" means billboards, cards, newspapers, newspaper inserts, magazines, mass mailings, pamphlets,

fliers, periodicals, and outdoor advertising facilities. A "mass mailing" is a mailing with more than 500 pieces.

- (8) "Radio" means any radio broadcast station that is subject to the provisions of 47 U.S.C. §§ 315 and 317.
- (9) "Scan line" means a standard term of measurement used in the electronic media industry calculating a certain area in a television advertisement.
- (10) "Sponsor" means a candidate, candidate committee, political party organization, political action committee, referendum committee, individual, or other entity that purchases an advertisement.
- (11) "Television" means any television broadcast station, cable television system, wireless-cable multipoint distribution system, satellite company, or telephone company transmitting video programming that is subject to the provisions of 47 U.S.C. §§ 315 and 317.
- (12) "Unobscured" means the only printed material that may appear on the television screen is a visual disclosure statement required by law, and nothing is blocking the view of the disclosing person's face. (1999-453, s. 2(a); 2004-203, s. 12(a).)

§ 163-278.39. Basic disclosure requirements for all political campaign advertisements.

(a) Basic Requirements. – It shall be unlawful for any sponsor to sponsor an advertisement in the print media or on radio or television that constitutes an expenditure or contribution required to be disclosed under this Article unless all the following conditions are met:

- (1) It bears the legend or includes the statement: "Paid for by _____ [Name of candidate, candidate campaign committee, political party organization, political action committee, referendum committee, individual, or other sponsor]." In television advertisements, this disclosure shall be made by visual legend.
- (2) The name used in the labeling required in subdivision (1) of this subsection is the name that appears on the statement of organization as required in G.S. 163-278.7(b)(1).
- (3) Repealed by Session Laws 2001-353, s. 5, effective August 10, 2001.
- (4) The sponsor states in the advertisement its position for or against a ballot measure, provided that this subdivision applies only if the advertisement is made for or against a ballot measure.
- (5) In a print media advertisement supporting or opposing the nomination or election of one or more clearly

identified candidates, the sponsor states whether it is authorized by a candidate. The visual legend in the advertisement shall state either "Authorized by [name of candidate], candidate for [name of office]" or "Not authorized by a candidate." This subdivision does not apply if the sponsor of the advertisement is the candidate the advertisement supports or that candidate's campaign committee.

- (6) In a print media advertisement that identifies a candidate the sponsor is opposing, the sponsor discloses in the advertisement the name of the candidate who is intended to benefit from the advertisement. This subdivision applies only when the sponsor coordinates or consults about the advertisement or the expenditure for it with the candidate who is intended to benefit.

If an advertisement described in this section is jointly sponsored, the disclosure statement shall name all the sponsors.

(b) Size Requirements. – In a print media advertisement covered by subsection (a) of this section, the height of all disclosure statements required by that subsection shall constitute at least five percent (5%) of the height of the printed space of the advertisement, provided that the type shall in no event be less than 12 points in size. In an advertisement in a newspaper or a newspaper insert, the total height of the disclosure statement need not constitute five percent of the printed space of the advertisement if the type of the disclosure statement is at least 28 points in size. If a single advertisement consists of multiple pages, folds, or faces, the disclosure requirement of this section applies only to one page, fold, or face. In a television advertisement covered by subsection (a) of this section, the visual disclosure legend shall constitute 32 scan lines in size. In a radio advertisement covered by subsection (a) of this section, the disclosure statement shall last at least two seconds, provided the statement is spoken so that its contents may be easily understood.

(c) Misrepresentation of Authorization. – Notwithstanding G.S. 163-278.27(a), any candidate, candidate campaign committee, political party organization, political action committee, referendum committee, individual, or other sponsor making an advertisement in the print media or on radio or television bearing any legend required by subsection (a) of this section that misrepresents the sponsorship or authorization of the advertisement is guilty of a Class 1 misdemeanor. (1999-453, s. 2(a); 2001-317, s. 1; 2001-353, s. 5.)

§ 163-278.39A. Disclosure requirements for television and radio advertisements supporting or opposing the nomination or election of one or more clearly identified candidates.

(a) Expanded Disclosure Requirements. – Any political campaign advertisement on radio or television shall comply with the expanded

disclosure requirements set forth in this section. To the extent that it provides the same information required by G.S. 163-278.39, a statement made pursuant to this section satisfies the requirements of G.S. 163-278.39 for the same advertisement.

(b) Disclosure Requirements for Television. –

- (1) Candidate advertisements on television. – Television advertisements purchased by a candidate or by a candidate campaign committee supporting or opposing the nomination or election of one or more clearly identified candidates shall include a disclosure statement spoken by the candidate and containing at least the following words: "I am (or "This is____") [name of candidate], candidate for [name of office], and I (or "my campaign____") sponsored this ad." This subdivision applies only to an advertisement that mentions the name of, shows the picture of, transmits the voice of, or otherwise refers to an opposing candidate for the same office as the sponsoring candidate.
- (2) Political party advertisements on television. – Television advertisements purchased by a political party organization supporting or opposing the nomination or election of one or more clearly identified candidates shall include a disclosure statement spoken by the chair, executive director, or treasurer of the political party organization and containing at least the following words: "The [name of political party organization] sponsored this ad opposing/supporting [name of candidate] for [name of office]." The disclosed name of the political party organization shall include the name of the political party as it appears on the ballot.
- (3) Political action committee advertisements on television. – Television advertisements purchased by a political action committee supporting or opposing the nomination or election of one or more clearly identified candidates shall include a disclosure statement spoken by the chief executive officer or treasurer of the political action committee and containing at least the following words: "The [name of political action committee] political action committee sponsored this ad opposing/supporting [name of candidate] for [name of office]." The name of the political action committee used in the advertisement shall be the name that appears on the statement of organization as required in G.S. 163-278.7(b)(1).
- (4) Advertisements on television by an individual. – Television advertisements purchased by an individual supporting or opposing the nomination or election of one

or more clearly identified candidates shall include a disclosure statement spoken by the individual and containing at least the following words: "I am [individual's name], and I sponsored this advertisement opposing/supporting [name of candidate] for [name of office]."

- (5) Advertisements on television by another sponsor. – Television advertisements purchased by a sponsor other than a candidate, a candidate campaign committee, a political party organization, a political action committee, or an individual which supports or opposes the nomination or election of one or more clearly identified candidates shall include a disclosure statement spoken by the chief executive or principal decision maker of the sponsor and containing at least the following words: "[Name of sponsor] sponsored this ad."

- (6) All advertisements on television. – In any television advertisement described in subdivisions (1) through (4) of this subsection, an unobscured, full-screen picture containing the disclosing individual, either in photographic form or through the actual appearance of the disclosing individual on camera, shall be featured throughout the duration of the disclosure statement.

(c) Disclosure Requirements for Radio. –

- (1) Candidate advertisements on radio. – Radio advertisements purchased by a candidate or by a candidate campaign committee supporting or opposing the nomination or election of one or more clearly identified candidates shall include a disclosure statement spoken by the candidate and containing at least the following words: "I am (or "This is___") [name of candidate], candidate for [name of office], and this ad was paid for (or "sponsored" or "furnished") by [name of candidate campaign committee that paid for the advertisement]." This subdivision applies only to an advertisement that mentions the name of, transmits the voice of, or otherwise refers to an opposing candidate for the same office as the sponsoring candidate.

- (2) Political party advertisements on radio. – Radio advertisements purchased by a political party organization supporting or opposing the nomination or election of one or more clearly identified candidates shall include a disclosure statement spoken by the chair, executive director, or treasurer of the political party organization and containing at least the following words: "This ad opposing/supporting [name of candidate] for

[name of office] was paid for (or "sponsored" or "furnished") by [name of political party]." The disclosed name of the political party organization shall include the name of the political party as it appears on the ballot.

- (3) Political action committee advertisements on radio. – Radio advertisements purchased by a political action committee supporting or opposing the nomination or election of one or more clearly identified candidates shall include a disclosure statement spoken by the chief executive officer or treasurer of the political action committee and containing at least the following words: "This ad opposing/supporting [name of candidate] for [name of office] was paid for (or "sponsored" or "furnished") by [name of political action committee] political action committee." The name of the political action committee used in the advertisement shall be the name that appears on the statement of organization as required by G.S. 163-278.7(b)(1).
- (4) Advertisements on radio by an individual. – Radio advertisements purchased by an individual supporting or opposing the nomination or election of one or more clearly identified candidates shall include a disclosure statement spoken by the individual and containing at least the following words: "I am [individual's name], and this ad opposing/supporting [name of candidate] for [name of office] was paid for (or "sponsored" or "furnished") by me."
- (5) Advertisements on radio by another sponsor. – Radio advertisements purchased by a sponsor other than a candidate, a candidate campaign committee, a political party organization, a political action committee, or an individual which supports or opposes the nomination or election of one or more clearly identified candidates shall include a disclosure statement spoken by the chief executive or principal decision maker of the sponsor and containing at least the following words: "[Name of sponsor] paid for (or "sponsored" or "furnished") this ad."

(d) Placement of Disclosure Statement in Television and Radio Advertisements. – In advertisements on television, a sponsor may place the disclosure statement required by this section at any point during the advertisement, except if the duration of the advertisement is more than five minutes, the disclosure statement shall be made both at the beginning and end of the advertisement. The sponsor may provide the oral disclosure statement required by this section at the same time as the visual disclosure required under the Communications Act of 1934, 47 U.S.C. §§ 315 and 317, is shown. But any visual disclosure legend shall be at least 32 scan lines in size. For advertisements on radio, the

placement of the oral disclosure statement shall comply with the requirements of the Communications Act of 1934, 47 U.S.C. §§ 315 and 317.

(e) Choice of Supporting or Opposing a Candidate. – In its oral disclosure statement, a sponsoring political party organization, political action committee, individual, or other noncandidate sponsor shall choose either to identify an advertisement as supporting or opposing the nomination or election of one or more clearly identified candidates.

(e1) Joint Sponsors. – If an advertisement described in this section is jointly sponsored, the disclosure statement shall name all the sponsors and the disclosing individual shall be one of those sponsors. If a candidate is one of the sponsors, that candidate shall be the disclosing individual, and if more than one candidate is the sponsor, at least one of the candidates shall be the disclosing individual.

(f) Legal Remedy. – Pursuant to the conditions established in subdivisions (1), (2), and (3) of this subsection, a candidate for an elective office who complied with the television and radio disclosure requirements throughout that candidate's entire campaign shall have a monetary remedy in a civil action against (i) an opposing candidate or candidate committee whose television or radio advertisement violates these disclosure requirements and (ii) against any political party organization, political action committee, individual, or other sponsor whose advertisement for that elective office violates these disclosure requirements:

(1) Any plaintiff candidate in a statewide race in an action under this section shall complete and file a Notice of Complaint Regarding Failure to Disclose on Television or Radio Campaign Advertising with the State Board of Elections after the airing of the advertisement but no later than the first Friday after the Tuesday on which the election occurred. Candidates in nonstatewide races may file the notice during the same time period with one county board of elections within the electoral area in which they are candidates. The timely filing of this notice preserves the candidate's right to bring an action in superior court any time within 90 days after the election. A candidate shall bring the civil action in the county where the candidate filed the notice.

(2) Upon receiving a favorable verdict in accordance with existing law, the plaintiff candidate shall receive a monetary award of actual damages. The price of actual damages shall be calculated as the total dollar amount of television and radio advertising time that was aired and that the plaintiff candidate correctly identifies as being in violation of the disclosure requirements of this section.

The plaintiff candidate shall also receive an award that trebles the amount of actual damages if:

- a. The plaintiff candidate can establish having notified or attempted to notify the sponsor of the advertisement properly by return-receipt mail about the failure of a particular advertisement or advertisements to comply with the disclosure requirements of this section, and
- b. After the notice or attempted notice, the advertisement continued to be aired.

The treble damages shall be calculated from the date on which the return-receipt notice was accepted or rejected by a defendant sponsoring candidate or candidate committee, political party organization, political action committee, or individual. The plaintiff candidate or candidate committee shall send a copy of any return-receipt mailing to the relevant board of elections as provided in subdivision (1) of this subsection within five days after the notice is returned to the possession of the candidate or candidate committee.

The plaintiff candidate may bring the civil action personally or authorize his or her candidate campaign committee to bring the civil action.

- (3) A candidate who violates the disclosure requirements of State law in this section and that candidate's campaign committee shall be jointly and severally liable for the payment of damages and attorneys' fees. If the candidate is held personally liable for any payment of damages or attorneys' fees, the candidate shall not use or be reimbursed by funds from the candidate's campaign committee in paying any amount.

(g) Relation to the Communications Act of 1934. – Television advertisements by a sponsor supporting or opposing the nomination or election of one or more clearly identified candidates shall comply with the oral disclosure requirements under State law in this section. Those advertisements shall also comply with disclosure requirements under the Communications Act of 1934, 47 U.S.C. §§ 315 and 317 by use of visual legends. The content of those visual legends is specified by the Communications Act of 1934, 47 U.S.C. §§ 315 and 317, and G.S. 163-278.39(a)(1). The size of those visual legends is determined by G.S. 163-278.39(b), which satisfies requirements under the Communications Act of 1934, 47 U.S.C. §§ 315 and 317. In the case of radio advertisements, the oral disclosure requirements under State law in this section incorporate the content requirements under the Communications Act of 1934, 47 U.S.C. §§ 315 and 317.

(h) No Additional Liability of Television or Radio Outlets. – Television or radio outlets shall not be liable under this Part for carriage of political advertisements that fail to include the disclosure requirements provided for in this Part.

(i) No Criminal Liability. – Nothing in this section regarding the disclosure requirements in subsections (b) and (c) of this section shall be relied upon or otherwise interpreted to create criminal liability. (1999-453, s. 2(a); 2000-140, ss. 83, 84; 2001-317, s. 2.)

§ 163-278.39B: Recodified as G.S. 163-278.38Z by Session Laws 2004-203, s. 12(a), effective August 17, 2004.

§ 163-278.39C. Scope of disclosure requirements.

The disclosure requirements of this Part apply to any sponsor of an advertisement in the print media or on radio or television the cost or value of which constitutes an expenditure or contribution required to be disclosed under this Article, except that the disclosure requirements of this Part:

- (1) Do not apply to an individual who makes uncoordinated independent expenditures aggregating less than one thousand dollars (\$1,000) in a political campaign; and
- (2) Do not apply to an individual who incurs expenses with respect to a referendum.

The disclosure requirements of this Part do not apply to any advertisement the expenditure for which is required to be disclosed by G.S. 163-278.12A alone and by no other law. (1999-453, s. 2(a).)

Part 2. Municipal Campaign Reporting.

§ 163-278.40. Definitions.

When used in this Part, words and phrases have the same meaning as in G.S. 163-278.6, except that:

- (1) The term "board" means the county board of elections;
- (2) The term "city" means any incorporated city, town, or village. (1981, c. 837, s. 3; 1997-515, s. 4(d).)

§ 163-278.40A. Organizational report.

(a) Each candidate and political committee in a city election shall appoint a treasurer and, under verification, report the name and address of the treasurer to the board. A candidate may appoint himself or any other individual, including any relative except his spouse, as his treasurer. If the candidate fails to designate a treasurer, the candidate shall be deemed to have appointed himself as treasurer. A candidate or political committee may remove his or its treasurer.

(b) The organizational report shall state the bank account and number of such campaign fund. Each report required by this Part shall

reflect all contributions, expenditures and loans made in behalf of a candidate. The organizational report shall be filed with the county board of elections within 10 days after the candidate files a notice of candidacy with the county board of elections, or within 10 days following the organization of the political committee, whichever occurs first. (1981, c. 837, s. 3.)

§ 163-278.40B. Campaign report; partisan election.

In any city election conducted on a partisan basis in accordance with G.S. 163-279(a)(2) and 163-291, the following reports shall be filed in addition to the organizational report:

- (1) Thirty-five-day Report. – The treasurer shall file a report with the board 35 days before the primary.
- (1a) Pre-primary Report. – The treasurer shall file a report with the board no later than the tenth day preceding each primary election.
- (2) Pre-election Report. – The treasurer shall file a report 10 days before the election, unless a second primary is held and the candidate appeared on the ballot in the second primary, in which case the report shall be filed 10 days before the second primary.
- (3) Repealed by Session Laws 1985, c. 164, s. 2.
- (4) Semiannual Reports. – If contributions are received or expenditures made during any part of a calendar year, for which no reports are otherwise required by this section, any and all those contributions and expenditures shall be reported on semiannual reports due on the last Friday in July, covering the period through June 30, and due on the last Friday in January, covering the period through December 31 of the previous year. (1981, c. 837, s. 3; 1985, c. 164, s. 2; 1987 (Reg. Sess., 1988), c. 1028, s. 7; 2001-419, s. 3.)

§ 163-278.40C. Campaign report; nonpartisan election and runoff.

If any city election conducted under the nonpartisan election and runoff basis in accordance with G.S. 163-279(a) (4) and 163-293, the following reports shall be filed in addition to the organizational report:

- (1) Thirty-five-day Report. – The treasurer shall file a report with the board 35 days before the election.
- (1a) Pre-election Report. – The treasurer shall file a report with the board 10 days before the election.
- (1b) Pre-runoff Report. – The treasurer shall file a report with the board 10 days before the runoff if the candidate is in a runoff.
- (2) Repealed by Session Laws 1985, c. 164, s. 3.

- (3) Semiannual Reports. – If contributions are received or expenditures made during any part of a calendar year, for which no reports are otherwise required by this section, any and all those contributions and expenditures shall be reported on semiannual reports due on the last Friday in July, covering the period through June 30, and due on the last Friday in January, covering the period through December 31 of the previous year. (1981, c. 837, s. 3; 1985, c. 164, s. 3; 1987 (Reg. Sess., 1988), c. 1028, s. 8; 2001-419, s. 4.)

§ 163-278.40D. Campaign report; nonpartisan primary and elections.

In any city election conducted under the nonpartisan primary method in accordance with G.S. 163-279(a)(3) and 163-294, the following reports shall be filed in addition to the organizational report:

- (1) Thirty-five-day Report. – The treasurer shall file a report with the board 35 days before the primary if the candidate is in a primary or the same length of time before the election if the candidate is not in a primary.
- (1a) Pre-primary and Pre-election Reports. – The treasurer shall file a report 10 days before the primary if the candidate is in a primary and 10 days before the election.
- (2) Repealed by Session laws 1985, c. 164, s. 4.
- (3) Semiannual Reports. – If contributions are received or expenditures made during any part of a calendar year, for which no reports are otherwise required by this section, any and all those contributions and expenditures shall be reported on semiannual reports due on the last Friday in July, covering the period through June 30, and due on the last Friday in January, covering the period through December 31 of the previous year. (1981, c. 837, s. 3; 1985, c. 164, s. 4; 1987 (Reg. Sess., 1988), c. 1028, s. 9; 2001-419, s. 5.)

§ 163-278.40E. Campaign report; nonpartisan plurality.

In any city election conducted under the nonpartisan plurality method under G.S. 163-279(a)(1) and 163-292, the following reports shall be filed in addition to the organizational report:

- (1) Thirty-five-day Report. – The treasurer shall file a report with the board 35 days before the election.
- (1a) Pre-election Report. – The treasurer shall file a report 10 days before the election.
- (2) Repealed by Session Laws 1985, c. 164, s. 5.
- (3) Semiannual Reports. – If contributions are received or expenditures made during any part of a calendar year, for

which no reports are otherwise required by this section, any and all those contributions and expenditures shall be reported on semiannual reports due on the last Friday in July, covering the period through June 30, and due on the last Friday in January, covering the period through December 31 of the previous year. (1981, c. 837, s. 3; 1985, c. 164, s. 5; 1987 (Reg. Sess., 1988), c. 1028, s. 10; 2001-419, s. 6.)

§ 163-278.40F. Form of report.

Forms of reports under this Part shall be prescribed by the board. (1981, c. 837, s. 3.)

§ 163-278.40G. Content.

Except as otherwise provided in this Part, each report shall be current within seven days prior to the date the report is due and shall list all contributions received and expenditures made which have not been previously reported. (1981, c. 837, s. 3.)

§ 163-278.40H. Notice of reports due.

The director of the board shall advise, or cause to be advised, no less than five days nor more than 15 days before each report is due each candidate or treasurer whose organizational report has been filed under G.S. 163-278.40A of the specific date each report is due. He shall immediately notify any individual, candidate, treasurer, or political committee, to file a statement under this Part if:

- (1) It appears that the individual, candidate, treasurer, or political committee has failed to file a statement as required by law or that a statement filed does not conform to this Part; or
- (2) A written complaint is filed under oath with the board by any registered voter of this State alleging that a statement filed with the board does not conform to this Part or to the truth or that an individual, candidate, treasurer, or political committee has failed to file a statement required by this Part. (1981, c. 837, s. 3; 1995, c. 243, s. 1.)

§ 163-278.40I. Part 1 to apply.

(a) Except as provided in this Part or in G.S. 163-278.9(d), the provisions of Part 1 shall apply to municipal elections covered by this Part.

(b) G.S. 163-278.7, 163-278.9(a), (b) and (c), 163-278.22(1) and (9), the first paragraph of 163-278.23, 163-278.24, 163-278.25, and 163-278.26 shall not apply to this Part. (1981, c. 837, s. 3.)

Article 22B.

Appropriations from the North Carolina Political Parties Financing Fund.

§ 163-278.41. Appropriations in general election years and other years.

(a) Following the conclusion of the last primary or nominating convention held by a political party in a general election year in which a presidential election is held, the State chair of that political party may apply to the State Board of Elections (State Board) for the disbursement of all funds deposited with the State Treasurer on behalf of that party in the North Carolina Political Parties Financing Fund (Political Parties Fund) to be administered by the State Board of Elections and in which shall be placed money contributed by taxpayers, as provided in G.S. 105-159.1. If the regular date set for a primary in G.S. 163-1 or nominating convention in G.S. 163-98 is temporarily postponed for one election year, the State party chair may apply for the disbursement after the regular date set in those sections for that party's primary or convention, even though the primary has not occurred under the temporary schedule. Upon receipt of that application, the State Board shall forthwith, and every 30 days thereafter, pay over to said chairman all funds currently held by the State Treasurer on behalf of that chair's political party, but provided that all such payments shall cease 30 days after the State Board of Elections has certified all of the results of the general election to the Secretary of State. Upon receipt of that application, the State Board shall pay over to the chair all funds currently held by the State Treasurer in the "Presidential Election Year Candidates Fund" of that party, which funds shall be allocated and disbursed during the presidential election year by the same procedure as the funds received from the Political Parties Fund are allocated. Any remaining funds of the political party in the hands of the State Treasurer shall thereafter be held by the State Treasurer until eligible for distribution pursuant to this section.

(b) Following the conclusion of the last primary or nominating convention held by a political party in a general election year in which there is not a presidential election, the State chair of the political party may apply to the State Board for the disbursement of all funds deposited on behalf of such party in the Political Parties Fund. If the regular date set for a primary in G.S. 163-1 or nominating convention in G.S. 163-98 is temporarily postponed for one election year, the State party chair may

apply for the disbursement after the regular date set in those sections for that party's primary or convention, even though the primary has not occurred under the temporary schedule. Upon receipt of such application, the State Board shall forthwith, and every 30 days thereafter, pay over to said chairman all funds currently held by the State Treasurer on behalf of that chair's political party provided that all such payments to the chairman shall cease 30 days after the State Board of Elections has certified all of the results of the general election. Any remaining funds of the political party in the hands of the State Treasurer shall thereafter be held by the State Treasurer until eligible for distribution pursuant to this section.

(c) In each year in which no general election is held, each State chair of a political party on behalf of which funds have been deposited in the Political Parties Fund may, on or between August 1 and September 1 thereof, apply to the State Board for payment of an amount not to exceed fifty percent (50%) of the then available funds credited to the account of that party. Upon receipt of such application, the State Board shall pay over to that State chair an amount not to exceed fifty percent (50%) of the then available funds credited to the account of that party. Additionally and upon receipt of that application, the State Board shall direct the State Treasurer to place fifty percent (50%) of those available funds in a separate interest bearing account to be known as the "Presidential Election Year Candidates Fund of the (name of the party) Party" to be disbursed in accord with the provisions of subsection (a) above. Any remaining funds of the political party in the hands of the State Treasurer shall thereafter be held by the State Treasurer until eligible for distribution by the State Board pursuant to this section. Any interest earned on the funds deposited in such Presidential Election Year Campaign Fund shall be credited thereto. (1977, 2nd Sess., c. 1298, s. 2; 1983, c. 700, s. 5; 1987 (Reg. Sess., 1988), c. 1063, s. 3; 1991, c. 347, s. 1; c. 397, s. 1; 2003-434, 1st Ex. Sess., s. 14.)

§ 163-278.42. Distribution of campaign funds; legitimate expenses permitted.

(a) In a general election year in which a presidential election is held, every State chairman of a political party shall disburse fifty percent (50%) of all funds received from the North Carolina Political Parties Financing Fund to that political party. The remaining fifty percent (50%) of such funds shall be allocated by the special committee established by subsection (d) of this section and used for one or more of the purposes permitted by subsection (e) of this section. Any candidate may elect to decline in whole or in part any funds that the party chooses to distribute to the candidate.

(b) In a general election year in which there is not a presidential election, every State chairman of a political party shall disburse fifty percent (50%) of all funds received from the Political Parties Fund to that

political party. The remaining fifty percent (50%) of such funds shall be allocated by the special committee established in subsection (d) of this section and used for one or more of the purposes permitted by subsection (e) of this section. Any candidate may elect to decline in whole or in part any funds that the party chooses to distribute to the candidate.

(c) In each year in which no general election is held, every State chairman of a political party shall disburse all funds received from the Political Parties Fund to that political party.

(d) The allocation of the remaining fifty percent (50%) of the funds under subsections (a) or (b) of this section shall be made by a committee composed of the State Chairman of that political party, the Treasurer of that party, the Congressional District Chairmen of that party, and two persons appointed by the State Chairman of that party, and the State Chairman shall serve as Chairman of this committee. The allocation of funds shall be in the sole discretion of the committee, but must be for a purpose permitted by subsection (e) of this section and if allocated to a candidate, shall be disbursed by the State Chairman of that party only to the Treasurer of that candidate or committee appointed under Article 22A of this Chapter or under the Federal Election Campaign Act of 1971, Chapter 14 of Title 2, United States Code.

(e) A political party shall expend funds distributed from the Political Parties Fund or from the "Presidential Election Year Candidates Fund" only for legitimate campaign expenses. By way of illustration but not by way of limitation, the following are examples of legitimate campaign expenses:

- (1) Radio, television, newspaper, and billboard advertising for and on behalf of a political party or candidate;
- (2) Leaflets, fliers, buttons, and stickers;
- (3) Campaign staff salaries, provided each staff member is listed by name and by the amount paid as salary and the amount paid as campaign expense reimbursement;
- (4) Travel expenses, lodging and food for candidate and staff;
- (4a) Expenses to ensure compliance with federal and State campaign finance and reporting laws;
- (4b) Contributions to or expenses on behalf of candidates of that political party;
- (5) Party headquarters operations related to upcoming general elections, including the purchase, maintenance and programming of computers to provide lists of voters, party workers, officers, committee members and participants in party functions, patterns of voting and other data for use in general election campaigns and party activities and functions prior thereto, the establishment and updating computer file systems of voter registration lists, State, district, county and precinct

officers and committee member lists, party clubs or organization lists, the organizing of voter registration, fund raising and get-out-the-vote programs at the county level when conducted by State party personnel, and the preparation of reports required to be filed by State and federal laws and systems needed to prepare the same and keep records incident thereto.

(f) All moneys and funds previously designated by taxpayers being held by the North Carolina Secretary of Revenue and being held by the North Carolina State Treasurer which moneys and funds have not been disbursed or delivered to a political party as of June 16, 1978, when disbursed shall be allocated by the State Chairman of the political party as follows: sixty-two and one-half percent (62 1/2%) of such funds to the political party for legitimate general election campaign expenditures; thirty-seven and one-half percent (37 1/2%) to the eligible candidates as determined by the committee established under this Article.

(g) It shall be unlawful for any political party to use either directly or indirectly any part of funds distributed from the Political Parties Fund or the Presidential Election Year Candidates Fund of any political party for the support or assistance either directly or indirectly of any candidate in a primary election, for support or assistance relating to the selection of a candidate at a political convention or by the executive committee of a party, for the payment or repayment of any debt or obligation of whatsoever kind or nature incurred by any person, candidate or political committee in a primary election, the selection of a candidate at a political convention or by the executive committee of a party, or for the support, promotion or opposition of a national, State or local referendum, bond election or constitutional amendment. (1977, 2nd Sess., c. 1298, s. 2; 1983, c. 700, ss. 1-4; 1985 (Reg. Sess., 1986), c. 866; 1987 (Reg. Sess., 1988), c. 1063, s. 3; 1991, c. 397, s. 1, c. 636, s. 20(b); 1991 (Reg. Sess., 1992), c. 1032, s. 10B; 1993, c. 553, s. 70.)

§ 163-278.43. Annual report to State Board of Elections; suspension of disbursements; willful violations a misdemeanor; adoption of rules; reporting by candidates and political committees.

(a) The State chairman of each political party receiving funds from the Political Parties Fund or the Presidential Election Year Candidates Fund or both shall maintain a full and complete record of the party's receipts and any and all subsequent expenditures and disbursements thereof, and such shall be substantiated by any records, receipts, and information that the Executive Director of the State Board of Elections shall require. Such record shall be centrally located and shall be readily available at reasonable hours for public inspection.

(b) By December 31 of each year, the State chairman of each political party receiving funds from the Political Parties Fund or a Presidential Election Year Candidates Fund in the 12 preceding months shall file with the State Board of Elections an itemized statement reporting all receipts, expenditures and disbursements from the date of the last report and attached to such report shall be the verification of such chairman that all such funds received were expended in accordance with the provisions of this Article. If the Executive Secretary of the State Board of Elections determines and finds as a fact that any such funds were not disbursed or expended in accordance with this Article, he shall order such political party to reimburse the amount improperly expended or disbursed to the General Fund of the State and such political party shall not receive further disbursements from the Political Parties Fund or a Presidential Election Year Candidates Fund until such reimbursement has been accomplished in full. A copy of any such order shall be forwarded to the State Treasurer, which shall constitute notice to him to suspend further disbursements from the campaign fund.

(c) Repealed by Session Laws 1985, c. 259.

(c1) The State Board shall review each application and certify that the political party is eligible to receive the funds requested. The State Board shall establish rules for the administration and enforcement of this Article.

(c2) The treasurer of any political committee or candidate receiving any funds from the Political Parties Fund or a Presidential Election Year Candidates Fund through a political party shall report such receipts as contributions according to the method and timetable set forth in Article 22A of this Chapter. The treasurer shall report disbursements of such funds as expenditures or loans according to the method and timetable set forth in Article 22A of this Chapter. The reports shall be made to the proper board of elections according to Article 22A of this Chapter. There is no requirement that a candidate or a political committee other than a political party shall maintain funds from the Political Parties Fund or a Presidential Election Year Candidates Fund in a separate account.

(d) Repealed by Session Laws 1985, c. 259. (1977, 2nd Sess., c. 1298, s. 2; 1979, c. 926, s. 1; 1985, c. 259; 1987 (Reg. Sess., 1988), c. 1063, s. 3; 1991, c. 347, s. 2; c. 397, s. 1; 1991 (Reg. Sess., 1992), c. 1032, s. 10C.)

§ 163-278.44. Crime; punishment.

Any individual person, candidate, political committee, or treasurer who willfully and intentionally violates any of the provisions of this Article, shall be guilty of a Class 2 misdemeanor. (1977, 2nd Sess., c. 1298, s. 2; 1987, c. 565, s. 18; 1993, c. 539, s. 1119; 1994, Ex. Sess., c. 24, s. 14(c).)

§ 163-278.45. Definitions.

The terms "candidate," "expend," "individual," "person," "political committee," and "treasurer" as used in this Article shall be as defined in G.S. 163-278.6. (1977, 2nd Sess., c. 1298, s. 2.)

Article 22D.

The North Carolina Public Campaign Financing Fund.

§ 163-278.61. Purpose of the North Carolina Public Campaign Financing Fund.

The purpose of this Article is to ensure the fairness of democratic elections in North Carolina and to protect the constitutional rights of voters and candidates from the detrimental effects of increasingly large amounts of money being raised and spent to influence the outcome of elections, those effects being especially problematic in elections of the judiciary, since impartiality is uniquely important to the integrity and credibility of the courts. Accordingly, this Article establishes the North Carolina Public Campaign Financing Fund as an alternative source of campaign financing for candidates who demonstrate public support and voluntarily accept strict fund-raising and spending limits. This Article is available to candidates for justice of the Supreme Court and judge of the Court of Appeals in elections to be held in 2004 and thereafter. (2002-158, s. 1.)

§ 163-278.62. Definitions.

The following definitions apply in this Article:

- (1) Board. – The State Board of Elections.
- (2) Candidate. – An individual who becomes a candidate as described in G.S. 163-278.6(4). The term includes a political committee authorized by the candidate for that candidate's election.
- (3) Certified candidate. – A candidate running for office who chooses to receive campaign funds from the Fund and who is certified under G.S. 163-278.64(c).
- (4) Contested primary and contested general election. – An election in which there are more candidates than the number to be elected. A distribution from the Fund pursuant to this Article is not a "contribution" and is not subject to the limitations of G.S. 163-278.13 or the prohibitions of G.S. 163-278.15 or G.S. 163-278.19.
- (5) Contribution. – Defined in G.S. 163-278.6. A distribution from the Fund pursuant to this Article is not a "contribution" and is not subject to the limitations of G.S.

- 163-278.13 or the prohibitions of G.S. 163-278.15 or 163-278.19.
- (6) Expenditure. – Defined in G.S. 163-278.6.
 - (7) Fund. – The North Carolina Public Campaign Financing Fund established in G.S. 163-278.63.
 - (8) Independent expenditure. – Defined in G.S. 163-278.6.
 - (9) Maximum qualifying contributions. – An amount of qualifying contributions equal to 60 times the filing fee for candidacy for the office.
 - (10) Minimum qualifying contributions. – An amount of qualifying contributions equal to 30 times the filing fee for candidacy for the office.
 - (11) Nonparticipating candidate. – A candidate running for office who is not seeking to be certified under G.S. 163-278.64(c).
 - (12) Office. – A position on the North Carolina Court of Appeals or North Carolina Supreme Court.
 - (13) Participating candidate. – A candidate for office who has filed a declaration of intent to participate under G.S. 163-278.64.
 - (14) Political committee. – Defined in G.S. 163-278.6.
 - (15) Qualifying contribution. – A contribution of not less than ten dollars (\$10.00) and not more than five hundred dollars (\$500.00) in the form of a check or money order to the candidate or the candidate's committee that meets both of the following conditions:
 - a. Made by any registered voter in this State.
 - b. Made during the qualifying period and obtained with the approval of the candidate or candidate's committee.
 - (16) Qualifying period. – The period beginning September 1 in the year before the election and ending on the day of the primary of the election year.
 - (17) Referendum committee. – Defined in G.S. 163-278.6.
 - (18) Trigger for rescue funds. – The dollar amount at which rescue funds are released for certified candidates. In the case of a primary, the trigger equals the maximum qualifying contributions for participating candidates. In the case of a contested general election, the trigger equals the base level of funding available under G.S. 163-278.65(b)(4). (2002-158, s. 1.)

§ 163-278.63. North Carolina Public Campaign Financing Fund established; sources of funding.

- (a) Establishment of Fund. – The North Carolina Public Campaign Financing Fund is established to finance the election campaigns of

certified candidates for office and to pay administrative and enforcement costs of the Board related to this Article. The Fund is a special, dedicated, nonlapsing, nonreverting fund. All expenses of administering this Article, including production and distribution of the Voter Guide required by G.S. 163-278.69 and personnel and other costs incurred by the Board, shall be paid from the Fund and not from the General Fund. Any interest generated by the Fund is credited to the Fund. The Board shall administer the Fund.

(b) Sources of Funding. – Money received from all the following sources must be deposited in the Fund:

- (1) Money from the North Carolina Candidates Financing Fund.
- (2) Designations made to the Public Campaign Financing Fund by individual taxpayers pursuant to G.S. 105-159.2.
- (3) Any contributions made by attorneys in accordance with G.S. 105-41.
- (4) Public Campaign Financing Fund revenues distributed for an election that remain unspent or uncommitted at the time the recipient is no longer a certified candidate in the election.
- (5) Money ordered returned to the Public Campaign Financing Fund in accordance with G.S. 163-278.70.
- (6) Voluntary donations made directly to the Public Campaign Financing Fund. Corporations, other business entities, labor unions, and professional associations may make donations to the Fund.

(c) Determination of Fund Amount. – By October 1, 2003, and every two years thereafter, the Board, in conjunction with the Advisory Council for the Public Campaign Financing Fund, shall prepare and provide to the Joint Legislative Commission on Governmental Operations of the General Assembly a report documenting, evaluating, and making recommendations relating to the administration, implementation, and enforcement of this Article. In its report, the Board shall set out the funds received to date and the expected needs of the Fund for the next election. (2002-158, s. 1.)

§ 163-278.64. Requirements for participation; certification of candidates.

(a) Declaration of Intent to Participate. – Any individual choosing to receive campaign funds from the Fund shall first file with the Board a declaration of intent to participate in the act as a candidate for a stated office. The declaration of intent shall be filed before or during the qualifying period and before collecting any qualifying contributions. In the declaration, the candidate shall swear or affirm that only one political committee, identified with its treasurer, shall handle all contributions,

expenditures, and obligations for the participating candidate and that the candidate will comply with the contribution and expenditure limits set forth in subsection (d) of this section and all other requirements set forth in this Article or adopted by the Board. Failure to comply is a violation of this Article.

(b) Demonstration of Support of Candidacy. – Participating candidates who seek certification to receive campaign funds from the Fund shall first, during the qualifying period, obtain qualifying contributions from at least 350 registered voters in an aggregate sum that at least equals the amount of minimum qualifying contributions described in G.S. 163-278.62(10) but that does not exceed the amount of maximum qualifying contributions described in G.S. 163-278.62(9).

No payment, gift, or anything of value shall be given in exchange for a qualifying contribution.

(c) Certification of Candidates. – Upon receipt of a submittal of the record of demonstrated support by a participating candidate, the Board shall determine whether or not the candidate has complied with all the following requirements, if they apply to that candidate:

- (1) Signed and filed a declaration of intent to participate in this Article.
- (2) Submitted a report itemizing the appropriate number of qualifying contributions received from registered voters, which the Board shall verify through a random sample or other means it adopts. The report shall include the county of residence of each registered voter listed.
- (3) Qualified to receive votes on the ballot as a candidate for the office.
- (4) Otherwise met the requirements for participation in this Article.

The Board shall certify candidates complying with the requirements of this section as soon as possible and no later than five business days after receipt of a satisfactory record of demonstrated support.

(d) Restrictions on Contributions and Expenditures for Participating and Certified Candidates. – The following restrictions shall apply to contributions and expenditures with respect to participating and certified candidates:

- (1) Beginning January 1 of the year before the election and before the filing of a declaration of intent, a candidate for office may accept in contributions up to ten thousand dollars (\$10,000) from sources and in amounts permitted by Article 22A of this Chapter and may expend up to ten thousand dollars (\$10,000) for any campaign purpose. A candidate who exceeds either of these limits shall be ineligible to file a declaration of intent or receive funds from the Public Campaign Financing Fund.

- (2) From the filing of a declaration of intent through the end of the qualifying period, a candidate shall expend no more than an amount equal to the maximum qualifying contributions for that candidate, not including possible rescue funds or the remaining money raised pursuant to subdivision (1) of this subsection. Contributions a candidate may use to expend to that limit shall be limited to qualifying contributions and personal and family contributions permitted by subdivision (4) of this subsection.
- (3) After the qualifying period and through the date of the general election, the candidate shall expend only the funds the candidate receives from the Fund pursuant to G.S. 163-278.65(b)(4) plus any funds remaining from the qualifying period and possible rescue funds.
- (4) During the qualifying period, the candidate may contribute up to one thousand dollars (\$1,000) of that candidate's own money to the campaign and may accept in contributions one thousand dollars (\$1,000) from each member of that candidate's family consisting of spouse, parent, child, brother, and sister.
- (5) A candidate and the candidate's committee shall limit the use of all revenues permitted by this subsection to expenditures for campaign-related purposes only. The Board shall publish guidelines outlining permissible campaign-related expenditures. In establishing those guidelines, the Board shall differentiate expenditures that reasonably further a candidate's campaign from expenditures for personal use that would be incurred in the absence of the candidacy. In establishing the guidelines, the Board shall review relevant provisions of G.S. 163-278.42(e), the Federal Election Campaign Act, and rules adopted pursuant to it, and similar provisions in other states.
- (6) Any contribution received by a participating or certified candidate that falls outside that permitted by this subsection shall be returned to the donor as soon as practicable. Contributions intentionally made, solicited, or accepted in violation of this Article are subject to civil penalties as specified in G.S. 163-278.70. The funds involved shall be forfeited to the Civil Penalty and Forfeiture Fund.
- (7) A candidate shall return to the Fund any amount distributed for an election that is unspent and uncommitted at the date of the election, or at the time the individual ceases to be a certified candidate, whichever

occurs first. For accounting purposes, all qualifying, personal, and family contributions shall be considered spent before revenue from the Fund is spent or committed.

(e) Revocation. – A candidate may revoke, in writing to the Board, a decision to participate in the Public Campaign Financing Fund at any time before the deadline set by the Board for the candidate's submission of information for the Voter Guide described in G.S. 163-278.69. After a timely revocation, that candidate may accept and expend outside the limits of this Article without violating this Article. Within 10 days after revocation, a candidate shall return to the Board all money received from the Fund. (2002-158, s. 1; 2004-203, s. 60.)

§ 163-278.65. Distribution from the Fund.

(a) Timing of Fund Distribution. – The Board shall distribute to a certified candidate revenue from the Fund in an amount determined under subdivision (b)(4) of this section within five business days after the certified candidate's name is approved to appear on the ballot in a contested general election, but no earlier than five business days after the primary.

(b) Amount of Fund Distribution. – By August 1, 2003, and no less frequently than every two years thereafter, the Board shall determine the amount of funds, rounded to the nearest one hundred dollars (\$100.00), to be distributed to certified candidates as follows:

- (1) Uncontested primaries. – No funds shall be distributed.
- (2) Contested primaries. – No funds shall be distributed except as provided in G.S. 163-278.67.
- (3) Uncontested general elections. – No funds shall be distributed.
- (4) Contested general elections. – Funds shall be distributed to a certified candidate for a position on the Court of Appeals in an amount equal to 125 times the candidate's filing fee as set forth in G.S. 163-107. Funds shall be distributed to a certified candidate for a position on the Supreme Court in an amount equal to 175 times the candidate's filing fee as set forth in G.S. 163-107.

(c) Method of Fund Distribution. – The Board, in consultation with the State Treasurer and the State Controller, shall develop a rapid, reliable method of conveying funds to certified candidates. In all cases, the Board shall distribute funds to certified candidates in a manner that is expeditious, ensures accountability, and safeguards the integrity of the Fund. If the money in the Fund is insufficient to fully fund all certified candidates, then the available money shall be distributed proportionally, according to each candidate's eligible funding. (2002-158, s. 1.)

§ 163-278.66. Reporting requirements.

(a) Reporting by Noncertified Candidates and Independent Expenditure Entities. – Any noncertified candidate with a certified opponent shall report total income, expenses, and obligations to the Board by facsimile machine or electronically within 24 hours after the total amount of campaign expenditures or obligations made, or funds raised or borrowed, exceeds eighty percent (80%) of the trigger for rescue funds as defined in G.S. 163-278.62(18). Any entity making independent expenditures in excess of three thousand dollars (\$3,000) in support of or opposition to a certified candidate or in support of a candidate opposing a certified candidate shall report the total funds received, spent, or obligated for those expenditures to the Board by facsimile machine or electronically within 24 hours after the total amount of expenditures or obligations made, or funds raised or borrowed, for the purpose of making the independent expenditures, exceeds fifty percent (50%) of the trigger for rescue funds. After this 24-hour filing, the noncertified candidate or independent expenditure entity shall comply with an expedited reporting schedule by filing additional reports after receiving each additional amount in excess of one thousand dollars (\$1,000) or after making or obligating to make each additional expenditure(s) in excess of one thousand dollars (\$1,000). The schedule and forms for reports required by this subsection shall be made according to procedures developed by the Board.

(b) Reporting by Participating and Certified Candidates. – Notwithstanding other provisions of law, participating and certified candidates shall report any money received, including all previously unreported qualifying contributions, all campaign expenditures, obligations, and related activities to the Board according to procedures developed by the Board. A certified candidate who ceases to be certified or ceases to be a candidate or who loses an election shall file a final report with the Board and return any unspent revenues received from the Fund. In developing these procedures, the Board shall utilize existing campaign reporting procedures whenever practical.

(c) Timely Access to Reports. – The Board shall ensure prompt public access to the reports received in accordance with this Article. The Board may utilize electronic means of reporting and storing information. (2002-158, s. 1; 2003-278, s. 2.)

§ 163-278.67. Rescue funds.

(a) When Rescue Funds Become Available. – When any report or group of reports shows that "funds in opposition to a certified candidate or in support of an opponent to that candidate" as described in this section, exceed the trigger for rescue funds as defined in G.S. 163-278.62(18), the Board shall issue immediately to that certified candidate an additional amount equal to the reported excess within the limits set forth in this section. "Funds in opposition to a certified

candidate or in support of an opponent to that candidate" shall be equal to the sum of the following:

- (1) Campaign expenditures or obligations made, or funds raised or borrowed, whichever is greater, reported by any one uncertified opponent of a certified candidate. Where a certified candidate has more than one uncertified opponent, the measure shall be taken from the uncertified candidate showing the highest relevant dollar amount.
- (2) The sum of all expenditures reported in accordance with G.S. 163-278.66 of entities making independent expenditures in opposition to the certified candidate or in support of any opponent of that certified candidate.

(b) Limit on Rescue Funds in Contested Primary. – Total rescue funds to a certified candidate in a contested primary shall be limited to an amount equal to two times the maximum qualifying contributions for the office sought.

(c) Limit on Rescue Funds in Contested General Election. – Total rescue funds to a certified candidate in a contested general election shall be limited to an amount equal to two times the amount described in G.S. 163-278.65(b)(4). (2002-158, s. 1.)

§ 163-278.68. Enforcement and administration.

(a) Enforcement by the Board. – The Board, with the advice of the Advisory Council for the Public Campaign Financing Fund, shall administer the provisions of this Article.

(b) Advisory Council for the Public Campaign Financing Fund. – There is established under the Board the Advisory Council for the Public Campaign Financing Fund to advise the Board on the rules, procedures, and opinions it adopts for the enforcement and administration of this Article and on the funding needs and operation of the Public Campaign Financing Fund. The Advisory Council shall consist of five members to be appointed as follows:

- (1) The Governor shall name two members from a list of individuals nominated by the State Chair of the political party with which the greatest number of registered voters is affiliated. The State Chair of that party shall submit to the Governor the names of five nominees.
- (2) The Governor shall name two members from a list of individuals nominated by the State Chair of the political party with which the second greatest number of registered voters is affiliated. The State Chair of that party shall submit to the Governor the names of five nominees.
- (3) The Board shall name one member by unanimous vote of all members of the Board. If the Board cannot reach

unanimity on the appointment of that member, the Advisory Council shall consist of the remaining members.

No individual shall be eligible to be a member of the Advisory Council who would be ineligible to serve on a county board of elections in accordance with G.S. 163-30. The initial members shall be appointed by December 1, 2002. Of the initial appointees, two are appointed for one-year terms, two are appointed for two-year terms, and one is appointed for a three-year term according to random lot. Thereafter, appointees are appointed to serve four-year terms. An individual may not serve more than two full terms. The appointed members receive the legislative per diem pursuant to G.S. 120-3.1. One of the Advisory Council members shall be elected by the members as Chair. A vacancy during an unexpired term shall be filled in the same manner as the regular appointment for that term, but a vacancy appointment is only for the unexpired portion of the term.

(c) Appeals. – The initial decision on an issue concerning qualification, certification, or distribution of funds under this Article shall be made by the Executive Director of the Board. The procedure for challenging that decision is as follows:

- (1) An individual or entity aggrieved by a decision by the Executive Director of the Board may appeal to the full Board within three business days of the decision. The appeal shall be in writing and shall set forth the reasons for the appeal.
- (2) Within five business days after an appeal is properly made, and after due notice is given to the parties, the Board shall hold a hearing. The appellant has the burden of providing evidence to demonstrate that the decision of the Executive Director was improper. The Board shall rule on the appeal within three business days after the completion of the hearing.

(d) Board to Adopt Rules and Issue Opinions. – The Board shall adopt rules and issue opinions to ensure effective administration of this Article. Such rules and opinions shall include, but not be limited to, procedures for obtaining qualifying contributions, certification of candidates, addressing circumstances involving special elections, vacancies, recounts, withdrawals, or replacements, collection of revenues for the Fund, distribution of Fund revenue to certified candidates, return of unspent Fund disbursements, and compliance with this Article. The Board shall adopt procedures for the distribution of rescue money that further the purpose and avoid the subversion of G.S. 163-278.67. For races involving special elections, recounts, vacancies, withdrawals, or replacement candidates, the Board shall establish procedures for qualification, certification, disbursement of Fund revenues, and return of unspent Fund revenues. The Board shall fulfill each of these duties in

consultation with the Advisory Council on the Public Campaign Financing Fund.

(e) Report to the Public. – The Advisory Council for the Public Campaign Financing Fund shall issue a report by March 1, 2005, and every two years thereafter that evaluates and makes recommendations about the implementation of this Article and the feasibility of expanding its provisions to include other candidates for State office based on the experience of the Fund and the experience of similar programs in other states. The Advisory Council shall also evaluate and make recommendations regarding how to address activities that could undermine the purpose of this Article, including spending that appears to target candidates receiving money from the Fund but that does not meet the definition of "independent expenditures." (2002-158, s. 1.)

§ 163-278.69. Voter education.

(a) Judicial Voter Guide. – The Board shall publish a Judicial Voter Guide that explains the functions of the appellate courts and the laws concerning the election of appellate judges, the purpose and function of the Public Campaign Financing Fund, and the laws concerning voter registration. The Board shall distribute the Guide to as many voting-age individuals in the State as practical, through a mailing to all residences or other means it deems effective. The distribution shall occur no more than 28 days nor fewer than seven days before the primary and no more than 28 days nor fewer than seven days before the general election.

(b) Candidate Information. – The Judicial Voter Guide shall include information concerning all candidates for the Supreme Court and the Court of Appeals, as provided by those candidates according to a format provided to the candidates by the Board. The Board shall request information for the Guide from each candidate according to the following format:

- (1) Place of residence.
- (2) Education.
- (3) Occupation.
- (4) Employer.
- (5) Date admitted to the bar.
- (6) Legal/judicial experience.
- (7) Candidate statement, limited to 150 words. Concerning that statement, the Board shall send to the candidates instructions as follows: "Your statement may include information such as your qualifications, your endorsements, your ratings, why you are seeking judicial office, why you would make a good judge, what distinguishes you from your opponent(s), your acceptance of spending and fund-raising limits to qualify to receive funds from the Public Campaign Financing Fund, and

any other information relevant to your candidacy. The State Board of Elections will reject any portion of any statement which it determines contains obscene, profane, or defamatory language. The candidate shall have three days to resubmit the candidate statement if the Board rejects a portion of the statement."

(c) Disclaimer. – The Judicial Voter Guide shall contain the following statement: "The above statements do not express or reflect the opinions of the State Board of Elections." (2002-158, s. 1.)

§ 163-278.70. Civil penalty.

In addition to any other penalties that may be applicable, any individual, political committee, or other entity that violates any provision of this Article is subject to a civil penalty of up to ten thousand dollars (\$10,000) per violation or three times the amount of any financial transactions involved in the violation, whichever is greater. In addition to any fine, for good cause shown, a candidate found in violation of this Article may be required to return to the Fund all amounts distributed to the candidate from the Fund. If the Board makes a determination that a violation of this Article has occurred, the Board shall calculate and assess the amount of the civil penalty and shall notify the entity that is assessed the civil penalty of the amount that has been assessed. The Board shall then proceed in the manner prescribed in G.S. 163-278.34. In determining whether or not a candidate is in violation of this Article, the Board may consider as a mitigating factor any circumstances out of the candidate's control. (2002-158, s. 1.)

§§ 163-278.71 through 163-278.79: Reserved for future codification purposes.

Article 22E.

Electioneering Communications.

§ 163-278.80. Definitions.

As used in this Article, the following terms have the following definitions:

- (1) The term "disclosure date" means either of the following:
 - a. The first date during any calendar year when an electioneering communication is aired after an entity has made disbursements for the direct costs of producing or airing electioneering communications aggregating in excess of ten thousand dollars (\$10,000).
 - b. Any other date during that calendar year by which an entity has made disbursements for the direct costs of producing or airing electioneering communications aggregating in excess of ten thousand dollars (\$10,000) since the most recent disclosure date for that calendar year.
- (2) The term "electioneering communication" means any broadcast, cable, or satellite communication that has all the following characteristics:
 - a. Refers to a clearly identified candidate for a statewide office or the General Assembly.
 - b. Is made within one of the following time periods:
 1. 60 days before a general or special election for the office sought by the candidate, or
 2. 30 days before a primary election or a convention of a political party that has authority to nominate a candidate for the office sought by the candidate.
 - c. Is targeted to the relevant electorate.
- (3) The term "electioneering communication" does not include any of the following:
 - a. A communication appearing in a news story, commentary, or editorial distributed through the facilities of any broadcasting station, unless those facilities are owned or controlled by any political party, political committee, or candidate.
 - b. A communication that constitutes an expenditure or independent expenditure under Article 22A of this Chapter.

- c. A communication that constitutes a candidate debate or forum conducted pursuant to rules adopted by the Board or that solely promotes that debate or forum and is made by or on behalf of the person sponsoring the debate or forum.
 - d. A communication made while the General Assembly is in session which, incidental to advocacy for or against a specific piece of legislation pending before the General Assembly, urges the audience to communicate with a member or members of the General Assembly concerning that piece of legislation.
- (4) The term "prohibited source" means any corporation, insurance company, labor union, or professional association. The term "prohibited source" does not include an entity that meets all the criteria set forth in G.S. 163-278.19(f).
 - (5) The term "targeted to the relevant electorate" means a communication which refers to a clearly identified candidate for statewide office or the General Assembly and which can be received by 50,000 or more individuals in the State in the case of a candidacy for statewide office and 7,500 or more individuals in the district in the case of a candidacy for General Assembly.
 - (6) The term "501(c)(4) organization" means either of the following:
 - a. An organization described in section 501(c)(4) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of that Code.
 - b. An organization that has submitted an application to the Internal Revenue Service for determination of its status as an organization described in sub-subdivision a. of this subdivision.
 - (7) Except as otherwise provided in this Article, the definitions in Article 22A of this Chapter apply in this Article. (2004-125, s. 1.)

§ 163-278.81. Disclosure of Electioneering Communications.

(a) Statement Required. – Every individual, committee, association, or any other organization or group of individuals that makes a disbursement for the direct costs of producing and airing electioneering communications in an aggregate amount in excess of ten thousand dollars (\$10,000) during any calendar year shall, within 24 hours of each disclosure date, file with the Board a statement containing the information described in subsection (b) of this section.

(b) Contents of Statement. – Each statement required to be filed by this section shall be made under the penalty of perjury in G.S. 14-209 and shall contain the following information:

- (1) The identification of the entity making the disbursement, of any entity sharing or exercising direction or control over the activities of that entity, and of the custodian of the books and accounts of the entity making the disbursement.
- (2) The principal place of business of the entity making the disbursement if the entity is not an individual.
- (3) The amount of each disbursement of more than one thousand dollars (\$1,000) during the period covered by the statement and the identification of the entity to whom the disbursement was made.
- (4) The elections to which the electioneering communications pertain and the names, if known, of the candidates identified or to be identified.
- (5) If the disbursements were paid out of a segregated bank account that consists of funds contributed solely by individuals directly to that account for electioneering communications, the names and addresses of all contributors who contributed an aggregate amount of more than one thousand dollars (\$1,000) during the period beginning on the first day of the preceding calendar year and ending on the disclosure date. Nothing in this subdivision is to be construed as a prohibition on the use of funds in such a segregated account for a purpose other than electioneering communications.
- (6) If the disbursements were paid out of funds not described in subdivision (5) of this subsection, the names and addresses of all contributors who contributed an aggregate amount of more than one thousand dollars (\$1,000) to the entity making the disbursement during the period beginning on the first day of the preceding calendar year and ending on the disclosure date. (2004-125, s. 1.)

§ 163-278.82. Prohibition of corporate and labor disbursements for electioneering communications.

(a) Prohibition. – No prohibited source may make any disbursement for the costs of producing or airing any electioneering communication. No individual, committee, association, or any other organization or group of individuals, including but not limited to, a political organization (as defined in section 527(e)(1) of the Internal Revenue Code of 1986), which has received any payment from a prohibited source may make any disbursement for the costs of producing

and airing any electioneering communication. For the purpose of this section, the term "electioneering communication" does not include a communication by a section 501(c)(4) organization or a political organization (as defined in section 527(e)(1) of the Internal Revenue Code of 1986) if the communication is paid for exclusively by funds provided by individuals and the disbursements for costs of producing and airing the communication are paid out of a segregated bank account that consists of funds contributed solely by individuals directly to that account.

(b) Direct or Indirect Disbursement. – An electioneering communication shall be treated as made by a prohibited source if the prohibited source directly or indirectly disburses any amount for any of the costs of the communication. (2004-125, s. 1.)

§ 163-278.83. Penalties.

Except as otherwise provided in this Article, a violation of this Article is a Class 2 misdemeanor. The State Board of Elections has the same authority to compel from any organization covered by this Article the disclosures required by this Article that the Board has to compel from a political committee the disclosures required by Article 22A of this Chapter. The civil penalties in G.S. 163-278.34 shall apply to violations of this Article, and where those provisions apply to violations involving contributions and expenditures they shall apply in the same manner to payments and disbursements in violation of G.S. 163-278.82. (2004-125, s. 1.)

§§ 163-278.84: Reserved for future codification purposes.

§§ 163-278.85: Reserved for future codification purposes.

§§ 163-278.86: Reserved for future codification purposes.

§§ 163-278.87: Reserved for future codification purposes.

§§ 163-278.88: Reserved for future codification purposes.

§§ 163-278.89: Reserved for future codification purposes.

Article 22F.

Mass Mailings and Telephone Banks: Electioneering Communications.

§ 163-278.90. Definitions.

As used in this Article, the following terms have the following definitions:

- (1) The term "disclosure date" means either of the following:
 - a. The first date during any calendar year when an electioneering communication is transmitted after an entity has made disbursements for the direct costs of producing or transmitting electioneering communications aggregating in excess of ten thousand dollars (\$10,000).
 - b. Any other date during that calendar year by which an entity has made disbursements for the direct costs of producing or transmitting electioneering communications aggregating in excess of ten thousand dollars (\$10,000) since the most recent disclosure date for that calendar year.
- (2) The term "electioneering communication" means any mass mailing or telephone bank that has all the following characteristics:
 - a. Refers to a clearly identified candidate for a statewide office or the General Assembly.
 - b. Is made within one of the following time periods:
 1. 60 days before a general or special election for the office sought by the candidate, or
 2. 30 days before a primary election or a convention of a political party that has authority to nominate a candidate for the office sought by the candidate.
 - c. Is targeted to the relevant electorate.
- (3) The term "electioneering communication" does not include any of the following:
 - a. A communication appearing in a news story, commentary, or editorial distributed through any newspaper or periodical, unless that publication is

owned or controlled by any political party, political committee, or candidate.

b. A communication that constitutes an expenditure or independent expenditure under Article 22A of this Chapter.

c. A communication that constitutes a candidate debate or forum conducted pursuant to rules adopted by the Board or that solely promotes that debate or forum and is made by or on behalf of the person sponsoring the debate or forum.

d. A communication that is distributed by a corporation solely to its shareholders or employees, or by a labor union or professional association solely to its members.

e. A communication made while the General Assembly is in session which, incidental to advocacy for or against a specific piece of legislation pending before the General Assembly, urges the audience to communicate with a member or members of the General Assembly concerning that piece of legislation.

(4) The term "mass mailing" means any mailing by United States mail or facsimile that is targeted to the relevant electorate and is made by a commercial vendor or made from any commercial list. Part 1A of Article 22A of this Chapter has its own internal definition of "mass mailing" under the definition of "print media," and that definition does not apply in this Article.

(5) The term "prohibited source" means any corporation, insurance company, labor union, or professional association. The term "prohibited source" does not include an entity that meets all the criteria set forth in G.S. 163-278.19(f).

(6) The term "targeted to the relevant electorate" means a communication which refers to a clearly identified candidate for statewide office or the General Assembly and which:

a. If transmitted by mail or facsimile in connection with a clearly identified candidate for statewide office, is transmitted to 50,000 or more addresses in the State, by the transmission of identical or substantially similar matter within any 30-day period, or, in connection with a clearly identified candidate for the General Assembly, is transmitted to 5,000 or more addresses in the district, by the

transmission of identical or substantially identical matter within any 30-day period.

- b. If transmitted by telephone, in connection with a clearly identified candidate for statewide office, more than 50,000 telephone calls in the State of an identical or substantially similar nature within any 30-day period, or in the case of a clearly identified candidate for the General Assembly, more than 5,000 calls in the district of an identical or substantially similar nature within any 30-day period.

- (7) The term "telephone bank" means telephone calls that are targeted to the relevant electorate, except when those telephone calls are made by volunteer workers, whether or not the design of the telephone bank system, development of calling instructions, or training of volunteers was done by paid professionals.

- (8) The term "501(c)(4) organization" means either of the following:

- a. An organization described in section 501(c)(4) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of that Code.
- b. An organization that has submitted an application to the Internal Revenue Service for determination of its status as an organization described in sub-subdivision a. of this subdivision.

- (9) Except as otherwise provided in this Article, the definitions in Article 22A of this Chapter apply in this Article. (2004-125, s. 2.)

§ 163-278.91. Disclosure of Electioneering Communications.

(a) Statement Required. – Every individual, committee, association, or any other organization or group of individuals who makes a disbursement for the direct costs of producing and transmitting electioneering communications in an aggregate amount in excess of ten thousand dollars (\$10,000) during any calendar year shall, within 24 hours of each disclosure date, file with the Board a statement containing the information described in subsection (b) of this section.

(b) Contents of Statement. – Each statement required to be filed by this section shall be made under the penalty of perjury in G.S. 14-209 and shall contain the following information:

- (1) The identification of the entity making the disbursement, of any entity sharing or exercising direction or control over the activities of that entity, and of the custodian of the books and accounts of the entity making the disbursement.

- (2) The principal place of business of the entity making the disbursement if the entity is not an individual.
- (3) The amount of each disbursement of more than one thousand dollars (\$1,000) during the period covered by the statement and the identification of the entity to whom the disbursement was made.
- (4) The elections to which the electioneering communications pertain and the names, if known, of the candidates identified or to be identified.
- (5) If the disbursements were paid out of a segregated bank account that consists of funds contributed solely by individuals directly to that account for electioneering communications, the names and addresses of all contributors who contributed an aggregate amount of more than one thousand dollars (\$1,000) during the period beginning on the first day of the preceding calendar year and ending on the disclosure date. Nothing in this subdivision is to be construed as a prohibition on the use of funds in such a segregated account for a purpose other than electioneering communications.
- (6) If the disbursements were paid out of funds not described in subdivision (5) of this subsection, the names and addresses of all contributors who contributed an aggregate amount of more than one thousand dollars (\$1,000) to the entity making the disbursement during the period beginning on the first day of the preceding calendar year and ending on the disclosure date. (2004-125, s. 2.)

§ 163-278.92. Prohibition of corporate and labor disbursements for electioneering communications.

(a) Prohibition. – No prohibited source may make any disbursement for the costs of producing or airing any electioneering communication. No individual, committee, association, or any other organization or group of individuals, including but not limited to, a political organization (as defined in section 527(e)(1) of the Internal Revenue Code of 1986), which has received any payment from a prohibited source may make any disbursement for the costs of producing and airing any electioneering communication. For the purpose of this section, the term "electioneering communication" does not include a communication by a section 501(c)(4) organization or a political organization (as defined in section 527(e)(1) of the Internal Revenue Code of 1986) if the communication is paid for exclusively by funds provided by individuals and the disbursements for costs of producing and airing the communication are paid out of a segregated bank account that

consists of funds contributed solely by individuals directly to that account.

(b) Direct or Indirect Disbursement. – An electioneering communication shall be treated as made by a prohibited source if the prohibited source directly or indirectly disburses any amount for any of the costs of the communication. (2004-125, s. 2.)

§ 163-278.93. Penalties.

Except as otherwise provided in this Article, a violation of this Article is a Class 2 misdemeanor. The State Board of Elections has the same authority to compel from any organization covered by this Article the disclosures required by this Article that the Board has to compel from a political committee the disclosures required by Article 22A of this Chapter. The civil penalties in G.S. 163-278.34 shall apply to violations of this Article, and where those provisions apply to violations involving contributions and expenditures they shall apply in the same manner to payments and disbursements in violation of G.S. 163-278.92. (2004-125, s. 2.)